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JPRS Report

Soviet Union

Economic Affairs

Soviet Union

Economic Affairs

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CONTENTS

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NATIONAL ECONOMY

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Union of Leaseholders Convenes First Congress	1
Bunich on Advantages of Leasing [P. Bunich; <i>EKONOMIKA I ZHIZN</i> No 24, Jun 90]	1
Stroyev: Society Must Support Leasing	
[Ye. Stroyev; <i>EKONOMIKA I ZHIZN</i> No 24, Jun 90]	2
Significance of Congress Appraised	
[M. Panova, V. Maleyev; <i>EKONOMIKA I ZHIZN</i> No 24, Jun 90]	3

INVESTMENT, PRICES, BUDGET, FINANCE

Draft Law on Banks, Banking Activity Published [<i>DENGI I KREDIT</i> No 5, May 90]	4
Pavlov Reports to Supreme Soviet on Goals of Tax Bills	
[V. S. Pavlov; <i>FINANSY SSSR</i> No 5, May 90]	10

REGIONAL DEVELOPMENT

Minister Comments on Belorussian-Moldavian Economic Agreement	
[K. Yavorskiy; <i>IZVESTIYA</i> , 3 Jul 90]	23
Estonian Economics Minister Interviewed on Baltic Market Relations	
[Leiman; <i>IZVESTIYA</i> , 10 Jul 90]	25
BSSR Chairman Describes Republic's Experience With Self-Financing	
[V. F. Kebich; <i>SELSKAYA GAZETA</i> , 24 Apr 90]	27
Conditions Preventing Uzbek Economic Independence Detailed	
[L. Razuvayeva; <i>KOMSOMOLETS UZBEKISTANA</i> , 13 Apr 90]	31
Problems of Creating Nakhodka Free Economic Zone Discussed	
[Yu. Balakirev; <i>IZVESTIYA</i> , 7 Apr 90]	33

AGRICULTURE

AGRO-ECONOMICS, POLICY, ORGANIZATION

Stumbling Blocks Remain In Path Of Leasing	
[V. Vershinin; <i>IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA</i> No 2, Mar-Apr 90]	35

REGIONAL DEVELOPMENT

Peasant Union Becomes Active in Moldavia	38
Congress, Program Details Reported	
[V. Pynzaru; <i>SELSKOYE KHOZYAYSTVO MOLDAVII</i> No 3, Mar 90]	38
Peasant Union Registered [<i>SELSKAYA GAZETA</i> , 10 Apr 90]	40

CONSUMER GOODS, DOMESTIC TRADE

FOOD PROCESSING, DISTRIBUTION

Food Consumption Under Price Hikes, Compensation Payments Viewed	
[Ye. O. Krylova; <i>KOMMUNIST BELORUSSII</i> No 6, Jun 90]	41

GOODS PRODUCTION, DISTRIBUTION

- Poor Quality, High Prices of Co-Op Products Discussed
[M. Ivanova; *EKONOMIKA I ZHIZN* No 25, Jun 90] 42
- Transbaykal Plant Converts To Consumer Microelectronics
[I. Tsurik; *KRASNAYA ZVEZDA*, 4 Mar 90] 43

HOUSING, PERSONAL SERVICES

- Goskomstat Data on Housing Availability Examined
[M. Panova; *EKONOMIKA I ZHIZN* No 25, Jun 90] 43

ENERGY

FUELS

- Readers Question Oil Policy [B. Rachkov; *EKONOMIKA I ZHIZN* No 15, Apr 90] 46
- Gossnab Official on Impending Gasoline Shortage
[V. G. Masalov, Ye. S. Morozov; *TRUD*, 8 Apr 90] 48
- Oil-Gas Minister On Problems Facing Tyumen Workers
[L.I. Filimonov; *RABOCHAYA TRIBUNA*, 25 Apr 90] 49

ELECTRIC POWER GENERATION

- Unified Power System Development Examined
[F.Ya. Morozov, et al; *ENERGETIK* No 4, Apr 90] 51
- Minister Views Nuclear Fuel Industry Future
[V.F. Konovalov; *PRAVITELSTVENNY VESTNIK* No 15, Apr 90] 56
- Georgia Physics Institute Reactor Shut Down [D. Lominadze; *ZARYA VOSTOKA*, 4 Apr 90] 60
- Nuclear Power Plant Safety Record Scored [Yu.G. Vishnevskiy, *TRUD*; 21 Apr 90] 61

LABOR

- Yanayev on Current Trade Union Issues [G. Yanayev; *TRUD*, 30 Jun 90] 64
- Draft Employment Law Published 66
- AUCCTU Position [TRUD, 15 Jun 90] 66
- Text of Draft Legislation [TRUD, 15 Jun 90 p 2] 67
- Association of Socialist Trade Unions' Activities Examined [F. Yemchenko; *TRUD*, 24 Apr 90] .. 72
- Workers Air Industrial Safety Problems, Want Safety Law
[L. Biryukova; *RABOCHAYA TRIBUNA*, 18 Apr 90] 75
- Benefits of Free Travel of Work Force Examined [A. Kamenskiy; *IZVESTIYA*, 10 Apr 90] 76
- Millionaire Cooperative Owner Interviewed on Reasons for His Success
[A. Tarasov; *ARGUMENTY I FAKTY* No 16, 21-27 Apr 90] 77

MACHINE BUILDING

ORGANIZATION, PLANNING, MANAGEMENT

- Report on Nov 1989 Congress of Technologists-Machinebuilders
[Yu. I. Zvezdin; *TYAZHELOYE MASHINOSTROYENIYE* No 4, Apr 90] 80

TRANSPORTATION

RAIL SYSTEMS

- Draft Railroad Transportation Law Published [GUDOK, 26 Jun 90] 85
- Railways Leadership, Performance Critiqued [V. Kurkov; *ZHURNALIST* No 3, Mar 90] 89
- March Rail Performance Statistics Cited [GUDOK, 6 Apr 90] 96
- Collegium Examines Rail Performance [GUDOK, 6 Apr 90] 96
- Railcar Maintenance Issues Scored [V. Myamlin; *GUDOK*, Apr 90] 97
- Rail Sector Technical Progress, Shortcomings Cited [N. Davydov; *GUDOK*, 6 Apr 90] 98
- Loaded Railcars Clog Port [S. Ponomarev; *GUDOK*, 10 Apr 90] 100
- High-Speed Rail Design Contest Results Noted [GUDOK, 10 Apr 90] 101

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Union of Leaseholders Convenes First Congress

Bunich on Advantages of Leasing

904A0430A Moscow *EKONOMIKA I ZHIZN*
in Russian No 24, Jun 90 p 8

[Article by P. Bunich, president of the Union of Leaseholders and Entrepreneurs, USSR people's deputy: "The Leasing Sector: Results, Prospects"]

[Text] The leasing movement, which appeared several years ago, has already led to the formation of a significant leasing sector in our economy. Together with cooperative enterprises, joint ventures, as well as production encompassed by individual labor activity, it represents a market economy taking shape. Although leasing collectives are still constrained to a certain extent by the former obligations of the enterprises on whose base they emerged, they are already conducting free economic and business activity.

What are the advantages of leasing as a form of economic management compared to state enterprises? They are the right to redeem the enterprise for earned production development funds, worker wages, and banking credits. Leasing may become the primary economic instrument for removing the bulk of the state sector from under the state. They further are the right to leave the ministries and, in general, work without higher bodies, the right to elect, appoint, or hire administrators. They are the growing opportunity to set prices freely themselves as the percentage of state order in the product produced decreases. They are the voluntary nature of state orders and independence in questions of discharging workers.

Just what role does the leasing sector play in the country's national economy today? How do the leaseholders themselves assess the initial results of the work? Statistical data and the results of three sociological surveys conducted at leasing enterprises and leasing collectives give eloquent answers to such questions.

About 2,000 leasing enterprises are presently in operation in industry, employing 1.2 million people. About 1,000 enterprises have switched to leasing in construction, 150 in consumer services, 1,100 in trade and public catering, 32,000 various farms and subdivisions (including intra-farm leasing) in agricultural production, and 133 in the sphere of science, among them sectorial and academic institutes. In all, there are more than 7 million people working in the leasing sector of the economy (only 3.3 million in new cooperatives, not counting those holding more than one job).

There is a widespread opinion that only small and unprofitable enterprises have switched to leasing. But that is not the case.

Among leasing collectives in industry, enterprises with under 500 people working account for 46 percent; from 500 to 3,000 people—28 percent; and over 3,000 people—6 percent. It is also typical that enterprises with a fairly high level of profitability—from 15 to 35 percent—account for 54 percent of their total number.

According to assessments received during the course of sociological surveys, 40 percent of the leaseholders polled believe that the results of economic management improved significantly after switching to leasing, 46 percent rated the improvement as insignificant, and no one indicated that the situation in leasing collectives had worsened.

Many conjectures can sometimes be heard about the excessive increase in the incomes of leaseholders. But wages should correlate to work results. And here is a comparison, taking into account the response on improvement of matters, that makes it possible to conclude that the leasing sector is opening up an opportunity for a person to work honestly and earn honestly. Of the leaseholders polled, 43 percent replied that wages increased only from 10 to 30 percent. That is not such a large increase. One should also add that the funds for development of production increased at 63 percent of the enterprises surveyed. Everyone participating in the survey pointed out the expansion of democracy in production, and labor collective councils make decisions at 56 percent of the enterprises.

And although 74 percent of the leaseholders polled indicated an expansion of independence in economic activities, as it turned out, only four percent of the products at the enterprises surveyed go, so to speak, to free sale at free market prices. State supply decreases sharply with the transition to leasing; therefore, 56 percent of those polled had to resort to the services of the "black market."

The results of the survey show, however, that leasing collectives are in no hurry to become owners. Thus, collectives of less than nine percent of the enterprises surveyed have decided to take over the production development funds and convert them to collective ownership. This, undoubtedly, was affected by the fact that the majority of the enterprises have been working in conditions of leasing for less than one year. Moreover, leasing collectives encounter many difficulties in their activities, and clear-cut and well-known procedures have still not been created for redemption of enterprises.

Protection and support of the leasing movement and representation of its interests in state and economic bodies are a priority task of the Union of Leaseholders and Entrepreneurs. Development of leasing relations has accelerated during the first five months of 1990. Unions of leaseholders and entrepreneurs have emerged in a number of union republics—Belorussia, Kazakhstan, Turkmenistan, Tajikistan, Kirghizia, and others—and in many regions—the Urals, the non-chernozem zone of the RSFSR, Moscow and Omsk oblasts, and large cities.

The Union of Leaseholders and Entrepreneurs encompasses about 6,000 enterprises of various sectors of the national economy. Whole ministries being transformed into associations, construction committees in the capacity of ministries, the largest state enterprises, and joint and foreign firms are expressing a desire to join the union.

Powerful barriers exist in the path of the leasing movement. Leaseholders themselves are prohibited from establishing salaries and rates, but cooperatives have this right. Leaseholders can have written off only those debts of their predecessors which are already overdue. But if the repayment period of debts made before comes several days or even hours after signing of the leasing contract, these debts are collected from the leaseholder. Payments by leaseholders were unjustly raised even in the draft Law on Taxation of Enterprises. The corresponding articles of the law even made it to its first reading at the session of the USSR Supreme Soviet. We will hope that the situation can be corrected during its passage.

Even the government is saying that the main thing today is to create joint stock companies, but leasing, they say, has no prospects. Meanwhile, combining several state enterprises into a joint stock company again forms one state enterprise. But when leasing with redemption of the enterprise precedes the issuance of stock, then the workers themselves become the shareholders.

The leasing movement is getting a large amount of resistance from many ministries, departments, and managers of enterprises, particularly of large ones. And the rank-and-file workers do not at all always support leasing. Some do not because of a lack of understanding; others because of inertia; others out of fear that this will not last long and will end badly; and still others due to the sometimes negative public opinion.

The union has to sharply intensify its organization, servicing, coordination, and economic activities. We began as the Union of Leaseholders. Now, having become the Union of Leaseholders and Entrepreneurs, the union will propose participation in it to state enterprises, joint stock companies, individual commodity producers, foreign firms, and joint companies. The union is already operating. And the more of us there are together, the stronger we will be.

Among the specific functions that the union is taking on, the following must be highlighted: legal protection of leaseholders; giving advice on new forms of economic management; training in leasing management; and information and advertising service. The union plans to conduct scientific and sociological studies and will take it upon itself to meet foreign economic needs and organize exhibitions. There are plans to create a leasing bank and develop international activities. The union will also be concerned about satisfying social and cultural needs. Legislative initiative must also be mentioned as one of the most important functions. Finally, the union

has already begun publishing its own newspaper—KURYER. We have many other things planned in our activities.

Stroyev: Society Must Support Leasing

904A0430B Moscow *EKONOMIKA I ZHIZN*
in Russian No 24, Jun 90 p 9

[Article by Ye. Stroyev, secretary of the CPSU Central Committee: "The New Will Triumph"]

[Text] Today we are moving toward a multistructured economy. This process was begun after the March (1989) CPSU Central Committee Plenum. It was at this plenum that the "taboo" was removed from diversity in forms of ownership. And today, leasing, cooperatives, and family, peasant, and farmer farms are a reality and developing more and more.

It would be naive to expect everything to go smoothly and the people implementing the new forms of economic management not to have any difficulties and problems. And the delegates of the Congress of Leaseholders and Entrepreneurs confirm this in their speeches. Literally every one of them spoke about the resistance and opposition to the leasing movement.

Why is it that we always have difficulty with the new? Above all, it is because of the peculiarities of the public psychology and the stereotypes of public thinking. An individual intellectual personality sometimes lights up the masses of public consciousness better than another collective. It has always been and, probably, always will be that a certain group, comprehending the situation, shoots forward and pulls the whole public world behind it. Time is needed for society to realize and understand the benefit of the new. The resistance of the command-administrative system also has an effect on the pace of our progress. It is still fighting; it has arguments, strength, and experience. But I am confident that the new will triumph in any case. Each form of economic management will find its own economic niche where it will be most useful. It would be erroneous and stupid to hammer everything into a single system and formula, as happened before.

I believe today's difficulties should not give cause for pessimism. I do not doubt that the "growing pains" will soon be behind us. Impressions from the congress nurture this confidence. Pioneers, people enamored of leasing, and fanatics, in the good sense of the word, gathered here from all over the country. Together, of course, they are doing all they can to see that the course of treatment is not drawn out. The basis for this has been created—legislative acts on land and ownership have been passed, a unified tax system and a number of other decision are being prepared.

But, of course, leaseholders should also receive maximum support from society. Our future is linked to leasing. It creates conditions in which the intellectual potential of the personality works in full measure for the

benefit of society, social problems are effectively resolved, and scientific and technical progress is not seized by production. And this must be encouraged by all means.

Significance of Congress Appraised

904A0430C Moscow *EKONOMIKA I ZHIZN*
in Russian No 24, Jun 90 p 9

[Article by M. Panova and V. Maleyev: "Initiative and Enterprise—This Is What Is Needed for a Market Economy"]

[Text] One can argue about the models of a market economy, the paths of transition to it, and the functioning conditions. There are quite a few variants here, and arguments are raging everywhere. There are already those among us who in these debates rely not only on theoretical considerations and the foreign example, but also on a most convincing argument—their own practical experience. These are leaseholders, cooperative operators, persons engaged in individual labor activity, and workers of joint ventures and joint stock companies that have already appeared. Leaseholders are the most numerous. The first congress of the Union of Leaseholders and Entrepreneurs of the USSR held in Moscow also revealed their mood these days, when the country is discussing the transition to a market economy, and their assessments of the prospects opening up.

The significance of this congress is quite great. Sound organizational structures of the new public organization were created, and its tasks, role, and place in the future of the new economic system were defined. It turned out that literally in the several months that passed following the founding congress the committees and commissions of the USSR Supreme Soviet have begun taking into consideration the union's opinion and that it is well known in government circles and among specialists of the various sectors of the national economy—it is no accident that the number of its members is rapidly growing. Of course, such results are significant. But we still see the fact that the congress demonstrated the by no means timid attitude of leaseholders toward the market economy as being the most important thing. And equally important is the aspiration not to limit themselves to general arguments about the need for changes in economic life, and a desire and readiness to do the job and act.

It is noteworthy that leaseholders are basically former workers at state enterprises. Their initiative and enterprise, which they have demonstrated, will undoubtedly be useful when the entire national economy switches to market relations. And looking at the experience of the leasing movement and the improvements in the work of leasing collectives, the future of the state sector does not appear so gloomy as some make it out to be today.

At the congress there was considerable criticism of the diktat of the ministries and departments and of the inactivity and sometimes direct opposition to the leasing

movement by local soviets. But the main thing in this criticism was by no means the unmasking direction that has become so customary in the most varied audiences. The speakers at the congress discussed in a businesslike manner the legal tie-ups that need to be improved and the union's own capabilities for resolving current and future problems of developing leasing.

All three days of work at the congress confirmed that the more than 800 delegates gathered there are people who thoroughly know what they want and are able to achieve their goal. It is vitally necessary for them to combine into a union. That is why the hall did not become empty toward the end of the meetings, and the delegates sought to use all breaks and free evening hours to reinforce their contacts in regional and sectorial sections, share information and experience, and conclude deals. Literally a shower of questions rained down on the members of the government taking part in the work of the congress—I. Silayev, deputy chairman of the USSR Council of Ministers; V. Pavlov, USSR minister of finance; V. Shcherbakov, chairman of the USSR State Committee for Labor and Social Problems; and P. Bunich, president of the Union of Leaseholders and Entrepreneurs of the USSR. Also taking part in the work of the congress were V. Kirichenko, chairman of the USSR State Committee for Statistics; N. Krasnoshchekov, deputy chairman of the State Commission of the USSR Council of Ministers for Food and Procurement; and other workers of central economic bodies.

Summarizing all that was heard in the reports and speeches, one can single out the typical interference and obstacles which leaseholders encounter in their daily activities. Often only "finding out" about the desire of one or another collective to switch to leasing, ministries and departments hasten to intimidate them with impending difficulties, and if unable to do this, they undertake organizational maneuvers. For example, they close structural units of production associations wishing to become leasing associations. They dismiss managers. They deprive leasing collectives of supplies, state investments, and housing quotas. They link the independence of leaseholders to excessive contract requirements and tie up the shift to leasing with red tape. Bodies of the State Board of Arbitration and courts, where the leaseholders turn for protection, so far are taking a passive stand.

The discussion showed that the leaseholders see the union as a protector of their legal and economic interests. It has been decided to set up under the executive board of the union a powerful legal center, made up of the most qualified specialists, and consultation and methods services. Much was also said about the fact that the union should actively make use of the right of legislative initiative. The legislative acts already passed are of fundamental importance. But unresolved questions naturally are uncovered during the transition to leasing. Among them, in particular, are the need to suspend collection of leasing interest after redemption of state property and problems that will arise after the

passage of the Law on Banks and the increase in bank interest rates. It is necessary to think through a system of implementing established procedures for turning over property to leasing on the basis of an auction (competition) and to resolve other questions and contradictions that have arisen.

As the delegates said, republic laws are the immediate task. The union must speak out energetically and uncompromisingly in favor of passing laws on leasing in the republics more quickly and for these laws to be truly effective.

One cannot help but agree with the conclusion of the congress participants that, to accelerate the leasing movement, new bodies must be created in the localities to act as a general lessor—an administration for state properties. In the localities, these administrations could have bureaus of technical inventories, which would also begin giving a correct assessment of the property being turned over for leasing.

The idea of preparing and issuing a special Ukaze of the President of the USSR on Development of the Leasing Movement also found unqualified support among the participants in the congress. It would define both the measures for promoting the movement and the quite specific and tangible liability of persons and management bodies impeding its development.

The congress decided, and this was reflected in the charter of the union adopted by the congress, that the board and executive board of directors will work during the period between congresses. It is planned to draw up technical, introductory, social, and other programs which will be financed by the leaseholders themselves who are interested in them.

The congress adopted an appeal to the country's leaseholders and entrepreneurs.

INVESTMENT, PRICES, BUDGET, FINANCE

Draft Law on Banks, Banking Activity Published

904A0448A Moscow DENG I KREDIT in Russian
No 5, May 90 pp 3-11

[Draft of the USSR Law on the USSR State Bank published in the journal DENG I KREDIT, No 3, 1990: "Law of the Union of Soviet Socialist Republics on Banks and Banking Activity"]

[Text]

Section I. General Provisions

Article 1. The Concept of a Bank

Banks are institutions authorized in accordance with this law to attract money for deposit and conduct other banking operations foreseen by this law.

Banks are legal persons, and they operate on the basis of the principles of full cost accounting and self-financing.

The provisions of this law are applicable to the USSR State Bank only in cases directly foreseen by this law.

Article 2. Banking Operations

Banks may perform all or some of the following banking operations:

- 1) attracting and distributing money deposits and loans;
- 2) carrying out transactions on the instructions of clients and correspondent banks, and providing teller services to them;
- 3) maintaining the accounts of clients and correspondent banks;
- 4) financing capital investments on instructions of the owners or trustees of invested assets;
- 5) issuing payment documents and other valuable paper (checks, letters of accreditation, promissory notes, stocks, obligations etc.);
- 6) purchasing, selling and storing payment documents and other valuable paper, and performing other operations with them;
- 7) issuing guarantees and other obligations in behalf of third parties foreseeing execution in monetary form;
- 8) acquiring the right of demand from deliveries of goods and services, accepting the risks of executing such demands, and encashment of these demands (factoring);
- 9) purchasing foreign cash and currency held on account and in deposits from organizations and citizens, and selling the same to them;
- 10) purchasing and selling precious metals, natural gems and articles made from precious metals and gems in the USSR and abroad;
- 11) attracting and distributing precious metals on account and in deposits, and conducting other operations with these valuables in accordance with international banking practices;
- 12) confidential operations: attracting and distributing assets, controlling valuable paper and carrying out other operations as instructed by clients;
- 13) rendering consultation services.

Banks may perform other operations on the basis of permission granted by the USSR Gosbank within the limits of its competency.

Operations foreseen by this article may be carried out both in rubles and in foreign currency.

Banks carry out operations foreseen by this article within limits set by their charters.

Banking operations foreseen by clauses 1 and 2 of this article and carried out by persons not authorized to do so are deemed invalid.

Article 3. Company Name

The words "Bank," "Credit Institution" or other combinations of these words may be used in the company name or for advertising purposes only by institutions authorized to carry out banking operations in accordance with this law.

Article 4. Delimitation of Responsibility of the State and Banks

Banks in the USSR are not responsible for obligations of the state, and the state is not responsible for obligations of banks, except in cases foreseen by this law, and in other cases in which the state assumes such responsibility.

Section II. The USSR Banking System

Article 5. Units Composing the Unified Banking System

Banks in the USSR compose the country's unified banking system, which includes a central bank (the USSR Gosbank) and commercial banks.

Activities of the USSR Gosbank are regulated by the Law of the Union of Soviet Socialist Republics on the USSR State Bank.

Commercial banks may open their branches and agencies on USSR territory with the knowledge of the USSR Gosbank.

Banks may create unions, associations and other organizations to coordinate their activities.

Article 6. Functions of Commercial Banks

Commercial banks provide loan, account and other bank services on a contract basis to enterprises, organizations, cooperatives and citizens by carrying out operations and rendering services foreseen by Article 2 of this law.

Article 7. The Legal Basis of a Bank's Activities

In their activities, commercial banks follow this law, the Law "On the USSR Gosbank," and other USSR laws, other decisions of supreme organs of state government of the USSR, decrees and instructions of the USSR Council of Ministers, normative acts of the USSR Gosbank, and their own charters.

Banks do not have the right to fulfill instructions and requirements not corresponding to legislative and normative acts listed in Part I of this article and bank charters.

Article 8. Formation of the Charter Fund of Commercial Banks

The charter fund of a commercial bank may be formed out of budget assets (state commercial banks) or out of

contributions from participants (banks organized on a membership basis). The state may be a participant of a bank organized on a membership basis; it may do so in the person of union, republic and local executive and administrative organs of state government.

Article 9. Independence of Commercial Banks

Commercial banks are independent of state government and administrative organs when it comes to making decisions associated with operational banking activities.

Article 10. The Charters of Commercial Banks

Commercial banks operate on the basis of their charters. The charter of a state commercial bank is approved by the organ that made the decision to create the bank. The charter of a commercial bank organized on a membership basis is approved by an assembly of participants (shareholders).

The charter of a bank must contain:

- the name of the bank and its location (postal address);
- the list of banking operations carried out by the bank;
- the size of the charter fund and a list of other funds formed by the bank;
- a statement that the bank is a legal person and that it operates on the basis of full cost accounting;
- a statement concerning the bank's administrative organs, their structure, the procedure of their formation, and their functions.

The charter of a bank organized on a membership basis must satisfy, besides the requirements contained in this article, requirements contained in existing legislation on joint-stock companies and other business associations.

Article 11. Conversion of a State Commercial Bank into a Joint-Stock Bank

A state commercial bank may be transformed into a joint-stock bank by decision of the organ that had created the state commercial bank.

The shares of this bank are distributed among state, cooperative and other enterprises and organizations.

A joint-stock bank created in accordance with this article acquires the status of a legal person from the moment of its registration with the USSR Gosbank in the all-union bank registration book.

A bank is registered upon presentation of its charter, approved by an assembly of shareholders and information indicating the occupational competency of bank executives.

Article 12. The Procedure for Closing a State Commercial Bank

A state commercial bank is closed by the organ which decided to create it, and in accordance with the provisions of Articles 28 and 29 of the Law on the USSR State Bank and Article 11 of this law.

Article 13. Principal Objectives of State Commercial Banks

The principal objectives of state commercial banks are to provide loans in support of fulfillment of the plans and programs of socioeconomic development of the country, the republic, the region and state orders, and to pursue state loan policy as it concerns development of the priority sectors of the national economy.

Article 14. Commercial Banks Organized on a Membership Basis

Commercial banks on a membership basis are organized to satisfy the demand for banking services.

In all matters not foreseen by this law and the Law on the USSR Gosbank, the Law on Joint-Stock Companies and Other Business Associations applies to banks organized on a membership basis.

Article 15. Property Liability of Commercial Banks Organized on a Membership Basis

Commercial banks organized on a membership basis are responsible for their obligations in relation to all property belonging to them. They are not responsible for the obligations of their participants. Participants are not responsible for the obligations of banks, if it is not foreseen otherwise in their charters.

Article 16. Founders and Participants of Commercial Banks Organized on a Membership Basis

Legal persons organizing commercial banks on a membership basis or organizing and participating in them with their assets are the founders of such banks, and persons and citizens participating in them with their assets are defined as participants of these banks.

Soviet founders may be banks, enterprises (associations), organizations and cooperative unions (associations), while cooperatives and citizens may also be Soviet participants.

Only foreign banks may be foreign founders, and other foreign persons and citizens may be foreign participants.

In commercial banks organized on a membership basis, there must be not less than two participants or founders, with the exception of cooperative banks, which in accordance with the Law on Cooperation may be created by a single founder—a cooperative union (association).

Article 17. Joint Commercial Banks Involving Participation of Soviet and Foreign Organizations

A joint commercial bank must have not less than two founders, each of which is a bank in accordance with legislation of the USSR and of the country in which the second founder is located.

The degree of participation in a joint bank by Soviet and foreign organizations is determined by the founders, with the consent of the USSR Gosbank. Activities of joint banks are regulated by this law, by the Law on the USSR Gosbank, and in matters not regulated by these laws and by the Law on Joint-Stock Companies and Other Business Associations, by legislation on joint enterprises currently effective in the USSR.

Article 18. The Procedure for Creating Commercial Banks on a Membership Basis

The procedure for creating commercial banks on a membership basis is regulated by the Law on the USSR Gosbank.

Article 19. Closing a Commercial Bank Organized on a Membership Basis

A commercial bank organized on a membership basis is closed in accordance with existing legislation on joint-stock companies and other business associations. Besides in cases foreseen by this law, a bank may be liquidated in cases foreseen by the Law on the USSR State Bank.

Article 20. Foreign Banks, and Their Branches and Agencies

Foreign banks and their branches and agencies may operate on USSR territory. The procedures for opening, operating and closing foreign banks, their branches and agencies are regulated by legislation on business activities of foreign legal persons and citizens on USSR territory and by the Law on the USSR State Bank.

Section III. Ensuring the Financial Soundness of a Bank and Protecting the Interests of Its Creditors**Article 21. Observance of Economic Standards by Commercial Banks**

In order to ensure the financial soundness of a bank and protect the interests of its creditors, commercial banks observe economic standards established by the USSR Gosbank in accordance with the Law on the USSR Gosbank, and they create insurance and reserve funds established by this law.

Failure to observe economic standards foreseen in Part I of this article is punishable as foreseen by the Law on the USSR State Bank.

Article 22. Bank Secrecy

USSR banks guarantee secrecy in the operations, accounts and deposits of their clients and correspondents. All bank employees are obligated to maintain the secrecy of bank operations, accounts and deposits, and bank clients and correspondents.

Reports on the operations and accounts of legal persons and other organizations may be issued to the organizations themselves, their superior organs, courts, investigatory organs, arbitration and people's control organs, auditing organizations, and financial organs in matters of taxation.

Reports on accounts and deposits of citizens are issued—besides to the clients themselves and their representatives—to courts and investigatory organs in regard to cases currently under their investigation, and in situations where money and other valuables of clients held in accounts and in deposits may be subjected to arrest, recovery or confiscation of property.

Reports on accounts and deposits are issued, in the event of the death of their owners, to persons indicated by the owner of the account or deposit in a testamentary disposition provided to the bank, to state notary offices as concerns inheritance cases under their administration pertaining to deposits of the deceased depositors, and to foreign consulates.

Article 23. Seizure and Recovery of Money and Other Valuables in Banks

Money and other valuables of legal persons in banks may be seized only by court decisions and by decrees of investigatory or arbitration organs, and such money and valuables may be recovered on the basis of writs of execution issued by courts, orders of arbitration organs and other executive documents, and in cases foreseen by USSR legislation, at the demand of financial organs and other organizations.

Money and other valuables of foreign and international organizations in banks may be seized or recovered only on the basis of decisions of courts or arbitration organs in accordance with procedures established by existing law.

Money and other valuables of citizens in banks may be seized only on the basis of:

- court decisions and decrees of investigatory organs in relation to criminal cases under their administration, and in cases involving confiscation of property, as foreseen by law;
- decisions of courts (decrees of people's judges) hearing civil cases stemming from criminal cases, alimony cases (in the absence of earnings or other property that may be recovered), or cases involving division of deposits held jointly by spouses.

Money and other valuables of citizens may be recovered on the basis of a court sentence or decision in satisfaction of a civil suit stemming from a criminal case, and a court decision or decree of a people's judge concerning recovery of alimony (in the absence of earnings or other property that may be recovered), or a court decision to divide a deposit held jointly by spouses.

Money and other valuables of citizens may be confiscated on the basis of a sentence assuming the force of law or a decree of property confiscation issued in accordance with the law.

SECTION IV. Relations Between Banks and Services to Clients By Commercial Banks

Article 24. Interbank Deposit, Credit and Other Operations

Commercial banks may attract and distribute each other's assets in the form of deposits and credits and carry out other mutual operations foreseen by their charters on a contract basis.

When assets are insufficient to credit the accounts of clients and to carry out adopted obligations, commercial banks may seek loans from the USSR Gosbank. The procedure of such credit operations and their maximum sums are determined by the USSR Gosbank.

Article 25. Interest on Commercial Bank Loans

Interest on operations of commercial banks is set by the banks independently with regard for provisions foreseen in Article 14 of the Law on the USSR Gosbank.

Article 26. The Contract Nature of a Bank's Relations With Its Client

Relations between banks and clients are based on contracts.

Clients independently select banks for loan and account services.

Article 27. Basic Principles of Granting Loans

Loans are granted to clients by banks in observance of the principles of security, urgency, solvency, the ability to repay and purpose.

Article 28. Ensuring Repayment of Loans

To ensure prompt repayment of a loan, banks accept collateral, guarantees and obligations in other forms acceptable in banking practice.

Banks may decide to grant a loan without security (an unsecured loan).

Article 29. Collateral

Banks may receive as collateral unencumbered commodities, material valuables, products of the client as they are produced, valuable paper, commodity management documents, currency and other valuables. Commodities

and material valuables located abroad and accepted as collateral by banks to secure loans in foreign economic operations must be insured by the client.

Buildings, structures, equipment and other property classified as fixed capital may be accepted as collateral if the client satisfies all of his obligations in regard to all property belonging to him in accordance with existing law.

The procedures for registering collateral are set by the USSR Council of Ministers.

Property held by a bank as security may be sold on its instructions, without appealing to a court, arbitration or a court of arbitration.

Article 30. Forms of Accounts

Banks maintain accounts in the country's national economy in forms established by the USSR Gosbank as well as in forms adopted by international banking practice.

Article 31. Declaring Borrowers to Be Insolvent

Borrowers who do not fulfill their obligations by promptly returning money obtained from banks may be declared by the latter to be insolvent; notification of such action is provided to the principal creditors, the higher organ and the executive committee of the Soviet of People's Deputies with which the charter of the cooperative or of the founders (participants) of the borrower is registered.

Article 32. Measures in Relation to a Borrower Declared to Be Insolvent

The following measures may be implemented in relation to a borrower declared to be insolvent at the request of banks:

- transfer of operational control to an administration appointed with the participation of the loaning bank;
- reorganization;
- liquidation and sale of property held as security by the bank in accordance with existing law.

Measures proposed by the bank are implemented depending on the legal status of the borrower by its higher organ, executive committee of the Soviet of People's Deputies or founders (participants).

Foreign Economic Activities of Banks

Article 33. Banking Operations in Foreign Currency

Operations foreseen by Article 2 of this law in foreign currency both in the USSR and abroad are carried out by the USSR Gosbank and the USSR Vneshekonombank [USSR Bank for Foreign Economic Relation] in accordance with their charters, by joint commercial banks and

by the branches of foreign banks, on the basis of permits issued at the time of their opening.

Other commercial banks may carry out such operations with the permission of the USSR Gosbank in accordance with the Law on the USSR State Bank.

Article 34. Operations Carried Out by the USSR Vneshekonombank on the Instructions of the USSR Government

Besides the operations foreseen by Article 33 of this law, the USSR Vneshekonombank performs the following functions in the area of international currency, credit and account relations on instructions of the USSR government:

- maintains records on state credit and loans granted and obtained by the USSR, and accounts pertaining to them;
- credits and maintains accounts on centralized commodity deliveries based on the commodity export and import plan;
- manages the country's centralized currency resources;
- maintains records on implementation of the free currency plan.

The USSR government may order the USSR Vneshekonombank to carry out other banking operations associated with the USSR's foreign economic activities.

Article 35. Bank Currency Funds

Banks may create currency funds out of profit in foreign currency.

Banks use the assets in currency funds to develop banking affairs, for investments in the USSR and abroad, and for other purposes.

Banks may acquire stocks, bonds and other valuable paper in foreign currency from abroad, and they may serve as founders or shareholders of banking institutions in the USSR and abroad.

Article 36. Bank Branches and Agencies Abroad

Banks may open their branches and agencies abroad with the permission of the USSR Gosbank.

Section V. Savings Affairs in the USSR

Article 37. Deposits of Citizens

The USSR Bank for Labor Savings and Public Loans (the USSR Savings Bank) is authorized by this law to attract money from the population as savings deposits. The state guarantees the security of the deposits of citizens in the USSR Savings Bank and their payment to depositors at the first demand.

Other commercial banks may attract the money of citizens as savings deposits. The state bears no liability

in regard to the deposits of the population in these banks. The indicated banks create an interbank fund insuring the deposits of citizens.

When banks receive money for deposit, they issue a deposit document to the depositor.

Article 38. The USSR Savings Bank

The USSR Savings Bank is the property of the USSR.

The USSR Gosbank is authorized by this law to direct the activities of the USSR Savings Bank. The Chairman of the Board of the USSR Savings Bank is the First Deputy Chairman of the USSR Gosbank. The Chairman of the USSR Gosbank is authorized to appoint the Chairman of the Board of the USSR Savings Bank, and upon representation by the Chairman of the Board of the USSR Savings Bank, his deputies and members of the board.

Article 39. Distribution of the Loan Resources of the USSR Savings Bank

Money attracted by the USSR Savings Bank is used by it for payment of fees in the USSR Gosbank and for other operations foreseen by Article 2 of this law, in accordance with procedures and in amounts determined by the USSR Gosbank.

Article 40. Interest on Deposits of the Population

The USSR Savings Bank and other commercial banks establish interest on deposits of the population within the limits of the maximum interest rates determined by the USSR Gosbank.

Article 41. Depositors

USSR citizens, foreign citizens and persons without citizenship may be depositors.

Depositors may dispose of their deposits, receive income on their deposits as interest and in some other form offered by banks, and carry out transactions on account.

Article 42. The Deposit Rights of Minors

A minor may be a depositor.

A minor who has made a deposit in his own name disposes of this deposit independently.

Deposits made by someone else in the name of a minor are disposed of:

—prior to the minor's attainment of an age of 15 years—by the parents or by other legal representatives of the minor;

—upon the minor's attainment of an age of 15 years—by the minor himself, but with the consent of his parents or other legal representatives.

Article 43. Deposit Privileges

Income from deposits is not subject to taxation by state and local taxes. All documents associated with transfer of deposits to heirs are free of payment of state duty.

Deposits received as inheritance are not subject to taxation.

Article 44. A Depositor's Testamentary Disposition

In the event of their death, depositors have the right to will a deposit to any person or state in accordance with existing law.

In the event of the death of a depositor, banks pay an intestate deposit to heirs in accordance with the procedure established by USSR legislation.

Section VI. Recordkeeping in Commercial Banks

Article 45. The Rules of Recordkeeping in Commercial Banks

Records are kept in banks in accordance with regulations established by the USSR Gosbank.

Article 46. Publication of Annual Balances and Profit-Loss Statements

Commercial banks publish an annual balance and a profit-loss statement in a format and at times established by the USSR Gosbank, in a special edition following an auditing organization's confirmation of the authenticity of the information they furnish.

Section VII. Surveillance of the Activities of Commercial Banks

Article 47. Surveillance by the USSR Gosbank

The USSR Gosbank maintains surveillance over the activities of commercial banks in accordance with the Law on the USSR Gosbank.

Article 48. Audits

The activities of commercial banks are subject to regular inspection by auditing organizations authorized to carry out such inspections in accordance with existing law.

SECTION VIII. Particular Features of Applying This Law, and Its Enactment

Article 49. Particular Features of Applying the Law

This law does not extend to banks located in the USSR and created on the basis of international treaties of which the USSR is a party.

Articles 2, 22 and 23 extend to the USSR Gosbank.

Article 50. Permission to Continue Banking Operations

Organizations which are carrying out commercial and other operations in addition to banking operations at the

moment of this law's publication must receive permission from the USSR Gosbank to continue the operations foreseen by clauses 1-3, Article 2 of this law.

Article 51. Registration of USSR State Banks

USSR state banks operating at the moment of this law's publication are subject to registration in the All-Union Registration Book as state commercial banks.

Article 52. Enactment of the Law

The procedure for enactment of this law is determined by the USSR Supreme Soviet.

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Pavlov Reports to Supreme Soviet on Goals of Tax Bills

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[Report by USSR Minister of Finance V. S. Pavlov at a joint meeting of the Soviet of the Union and the Soviet of Nationalities in the third session of the USSR Supreme Soviet (printed from the stenographer's report of the USSR Supreme Soviet): "On Bills Involving Taxation of Citizens"]

[Text] Respected comrade deputies!

The USSR Council of Ministers submitted three highly important bills on restructuring the state tax system for your examination and approval: "On an Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship," "On Stage-By-Stage Repeal of the Tax on Bachelors, Unmarried Persons and USSR Citizens With Small Families" and "On the Rights of State Tax Inspection Offices." We feel that this is the starting point for radical tax reform in the Soviet Union as an organic component of the statewide program of transition to a planned market economy and normalization of the market and of money circulation.

The government reserves an exceptionally important role for tax reform in the matter of restructuring financial and budget relations. The goal is to make taxation equitable and socially fair, and to objectively create economic conditions making all participants of social production identically responsible to the state in tax matters, irrespective of their business practices.

I would also like to focus your attention on the dominant criterion of tax reform, on democratization of the entire system of taxation and of mutual relations with the budget involving creation of state monetary funds. From our point of view, taxes will perform production and social functions more fully and fairly than would individual norms established by administrative means. It is in this context that we view the planned radical restructuring of taxation of the population as the most important component of the unified tax reform. We ultimately plan to go over to progressive taxation of the aggregate

income of all citizens on the basis of their tax statements. It is precisely then that taxation of the population will become selective, and that it will bear a clearly pronounced social hue. There will be one approach to low and middle income, and another to high income. The purpose of progressive taxation will be to reduce the tax load of low-paid strata of the population and provide real social assistance to the poor by imposing higher taxes on persons with high and especially with ultrahigh earnings, in accordance with the principle of social fairness.

Such, briefly, is the general conception of the tax reform being consistently pursued in the bills submitted by the Government. Inasmuch as these bills are in your possession, comrade deputies, I will permit myself not to present them in detail but to dwell only on some of the principal points.

Our first basic consideration was that the existing tax system was formed for the most part in the 1940s-1950s, under the conditions of rigid centralized regulation of the population's income, and naturally it has come into conflict with the current situation, it has fallen behind the requirements of reform.

You all know that the processes that have been initiated in restructuring economic relations on the basis of cost accounting and transition to a market economy encouraged development of different forms of business management, and as a result, growth of the population's monetary income due to growth of wages and other income.

The following figures attest to rapid change in the population's earnings. The number of persons bringing up to 90 rubles home monthly decreased this year by a factor of two in comparison with 1981. By 1995 it will decrease by a factor of seven. A similar trend is also observed in relation to the group of laborers with earnings of 90 to 150 rubles per month. The number of laborers with earnings over 300 rubles is growing quickly. While in 1981 this group totaled seven million persons, by 1995 their number will increase to 42 million—that is, by a factor of six. Around 13 million persons will receive over 500 rubles, as compared to 5.3 million this year.

There is probably no need to discuss the fact that these processes are going on, and they will continue into the future, only on the basis of social harmony. The population's stratification into income groups is obviously an economic unavoidability, and not always a fair one at that. Our society has already been confronted with this phenomenon, and its effect on the overall economic and sociopolitical situation in the country is far from always positive. The deficit, disorder in money circulation and inflation are also having their effects.

Therefore from our point of view it would be wrong to allow these processes to continue unregulated by the state. Practically all states make vigorous use of their tax policy as a means of regulating the market and money

circulation. The new tax laws are precisely what should become an effective means of controlling these processes under the conditions of our society. The purpose of these bills is to open the door to a unified system of state taxation of the income of citizens, one which would satisfy the interests of the society as a whole. And we cannot delay in doing this.

As you know, income tax is the basic form of tax currently in existence. It is most conservative in its content, it assumes many forms of taxation, and being essentially equalizing, it is in no way consistent with the principle of social fairness. A great deal could be said in regard to this topic, but I think that the deputies have a good understanding of all of the flaws of the existing system of taxation. Therefore let me go on to a presentation of the basic points of our new tax policy, submitted for your examination.

As we see it, we will not be able to arrive right away at the end result of reform—creation of a universal income tax system—no matter how much we would want to do so. It will take time to accumulate the needed economic and social preconditions, and to become organizationally, technically and psychologically ready to initiate a fundamentally new system of taxation.

Let me briefly dwell on the conception of the entire fundamental tax reform, and say something about what we see as its end result.

First of all, we intend to eliminate the multiplicity of taxes. With time, we should arrive at a single tax on aggregate annual income, taking the form of the sum of all types of income for the year, including wages. The amount of this tax will be determined by the taxpayer himself, who will submit the appropriate tax statement to a financial organ. On this basis, all citizens will be equal in their tax responsibilities before the state. Second, in the future we should tax not all income but so-called "net" income. A number of extremely sizable deductions are to be made from this total. Included among them are the minimum untaxable income and different sorts of exemptions for children, disabled persons, dependents and so on. And third, a progressive tax schedule used by everyone will have to be introduced.

International experience reveals that this will also require introduction of stiff punishments for taxpayers who conceal income from taxation or who fail to submit a tax statement. These punishments must be made inevitable.

Such an income tax scheme is justified both from the positions of the social orientation of taxation and from the positions of forming budget income. At the same time we feel that together with other tools for regulating commodity and money relations, in the future a progressive income tax will help to restrain the work of the printing press and have the positive effect of normalizing money circulation.

Transition to a universal income tax system will require time in order to solve a number of organizational, "educational" and economic problems. For example we need to scientifically and deeply substantiate the subsistence minimum, strengthen the mechanism of social protection to low-paid strata of the population, approach determination of the range of tax exemptions conservatively, and establish a realistic proportion of untaxable income. All of these problems are complex, in some cases they are painful, and therefore haste can only do damage. Difficulties in organizational restructuring of tax work are also extremely significant. We will have to create a unified income and payment information system, electronic mail and so on. We are now fully involved in the creation of tax inspection offices. Thus there is much serious work to do in order not to simply proclaim but also practically ensure integrated operation of the new tax system.

The bill submitted for your examination discusses achieving greater equity in the first stage in the taxation procedures and in the amounts of tax paid on income received by citizens from enterprises, institutions and organizations. The untaxed amount of wages is being increased, the tax on low-paid categories of workers is being decreased, and a progressive rate is being established for income tax on wages significantly exceeding the average earnings in the country. The idea is to place blue and white collar workers, cooperative workers, writers, artists and performers under identical taxation conditions. There are plans for improving the system of tax exemptions and for taxing income obtained by laborers in addition to their principal wages. Concurrently, the tax on bachelors, unmarried persons and citizens with small families is to be gradually repealed.

What form will all of this take in real life?

It seems to us that initially—that is, when this bill was submitted by the Government—we correctly determined that wages not subject to tax were to be increased to 80 rubles per month, simultaneously with a decrease in the tax rate on earnings from 81 to 100 rubles. The basic idea in this case was that a simultaneous increase in the progressive tax rate for high income levels would make it possible to basically compensate for the decrease in budget income. However, significant changes occurred in the level and structure of the population's income in the time since the spring of last year. Therefore, the Government feels it possible to adopt the proposal suggested in the USSR Supreme Soviet to raise the tax-free amount of wages to 90 rubles per month, as opposed to the present level—70 rubles, and to simultaneously reduce the tax rate on earnings from 91 to 150 rubles.

According to our calculations, repeal and reduction of taxes on the earnings of low-paid blue and white collar workers will affect the interests of more than 35 million persons, increasing the real monetary income of this category by almost two billion rubles.

Another fundamental issue in the bill is the overall scale of taxes on wages.

The present progression has been in existence since 1943, as we know. The maximum rate established then—13 percent of any earnings over 100 rubles per month—was high at that time, since the average wage was around 50 rubles, while the tax-free amount was only 15 rubles. In all subsequent years the state only increased the tax-free part, without changing the maximum tax rate. As a result in real terms the progressive tax rate currently affects only the interval of earnings

from 70 to 100 rubles; the tax remains essentially equal in relation to earnings exceeding 100 rubles.

You know that the average monthly earnings of laborers in the national economy is already 240 rubles today. Around 1.5 million persons receive incomes greater than 700 rubles per month, and the tendency for the number of such persons to increase is becoming stable. The Government feels that a progressive income tax rate must be reestablished for these categories of laborers.

Let me illustrate how this will be (see table).

(in rubles)				
Monthly Earnings	Total Tax		Difference (+/-)	Net Earnings (according to bill)
	In Existing Conditions	Proposed		
90	6.8	-	-6.8	90.0
100	8.2	2.4	-5.8	97.6
120	10.8	7.2	-3.6	112.8
750	92.7	93.7	+1.0	656.3
1,000	125.2	136.2	+11.0	863.8
2,000	255.2	546.2	+291.0	1,453.8
3,000	385.2	1,046.2	+661.0	1,953.8
5,000 (based on a 60 % rate)	645.2	2,246.2	+1,601.0	2,753.8
10,000 (based on a 60 % rate)	1,295.2	5,246.2	+3,951.0	4,753.8

Inasmuch as the bill specifies the proposed tax rates, permit me not to read them out here.

In opting for a progressive scale—this is obviously the most “painful” issue for persons with earnings that are high for our times—the Government is not at all pursuing “fiscal” interests. I must inform you that according to our calculations, budget income will increase as a result of review of the progressive tax rate by only 30-40 million rubles per year. At the same time, taxation will play an active role in distribution relations, a possibility for increasing social assistance to the poor will appear, and persons with higher earnings will increase their participation in forming budget income to be used in financing social consumption funds.

The Government examined the issue of the limit of the progressive tax rate extremely carefully and scrupulously. In our proposals, the maximum tax rate was initially determined at 80 percent of earnings over 5,000 rubles per month. In this case, we considered cases actually occurring in our life where the average monthly earnings of certain citizens have totaled not thousands but even tens of thousands of rubles.

A lower maximum rate was proposed in the course of discussion in committees and commissions—60 percent of total earnings exceeding 3,000 rubles per month, which is what is reflected in the bill handed out to you. In

the bill submitted for your examination, we also propose implementing a number of other measures to improve tax law.

For example the procedures and amount of tax paid on income from second jobs in other organizations are being changed. This income, if it exceeds 700 rubles, will be taxed on the basis of the same new progressive rate as is proposed for earnings from a principal job. As a result, social fairness of taxation of income from second jobs in cooperatives and of some other forms of supplementary earnings is guaranteed.

On the basis of the same considerations, we foresee taxing citizens who receive income from stocks in their own enterprises and income taking the form of interest on deposits in commercial and cooperative banks. At the same time, the Government does not support the proposal submitted by Supreme Soviet committees and commissions to exclude, from the taxed income of blue and white collar workers, stock dividends used to purchase new stocks. From our point of view, such a decision would actually mean increasing the personal income of citizens at the state's expense.

The part of the bill which foresees new systems of taxation of writing and performance income of writers, artists and performers may be said to be an important means of improving tax law. Today, honorariums received by writers, composers and other representatives

of the creative intelligentsia are taxed at every place of payment of such earnings, and the tax basically does not exceed 13 percent. If a work is published in several places, then the total income is not taken into account.

In accordance with the bill, the following fundamental changes will be implemented henceforth in taxation of writers, artists and performers, considering the particular features of their creative activity: tax rates are applied to the total annual sum of honorariums, determined by each taxpayer in the tax statement he submits to the financial organ, and inasmuch as the income of writers, artists and performers is not regular as a rule, when contracts are signed to create works of art the income is distributed over the years of their creation. Also important is the fact that for the first time in our experience "net" income and not earnings from the sale of works of art will be taxed. The tax rates applied to this income will be the same as for blue and white collar workers (with the one difference that they will be applied on an annual basis). We believe that this procedure follows organically from the principle of social fairness.

Taxation of scientific workers and the authors of inventions and discoveries is totally analogous.

The bill foresees declaration of annual income by citizens working on the basis of individual or group leases in agriculture and in other sectors. At the same time, the Government feels that a special, more liberal taxation procedure could be established for these citizens: annual income could be divided into months of work, and the same monthly tax rate established for blue and white collar workers could be used. This procedure is spelled out in the bill's supplementary materials distributed to you.

Another innovation in the law is that if laborers receive payments based on the results of contracted work or the year's results, these payments are to be distributed over months of the year in proportion to the time actually worked by each worker. Formerly, this rule applied only to agricultural workers; now the proposal is to make it applicable to the entire national economy.

The approach to taxing the cost of material gifts and material assistance is also changed in the bill. The fact is that numerous cases have appeared in our experience where television sets, refrigerators and homes are given as gifts, and large sums of material assistance are paid out. And all of this is tax-free. It would obviously be proper from our point of view to impose certain limits on tax benefits in this case. Such limits are indicated in the bill: gifts valued up to 200 rubles per year in retail prices and material assistance totaling up to 500 rubles per year will be tax-free. Except of course in cases where such assistance is provided in relation to special, unforeseen circumstances, or by special government decisions. Sums above the indicated amounts must be taxed, in our opinion.

The fact that group I and II labor invalids will be receiving tax exemptions for the first time is an important social measure. For them, income tax on all sources of income is to be reduced by 50 percent.

Persons disabled from childhood and participants of the Great Patriotic War are to receive a further increase in benefits. They are completely freed from income tax.

It is specially qualified in the bill that the income of citizens subject to taxation is decreased by the amount of voluntary charitable contributions. Charitable organizations to which contributions are recognized to be socially significant and entitling the contributor to a tax exemption are clearly indicated. These are contributions to the Soviet Children's Fund imeni V. I. Lenin, the Soviet Peace Fund, the Soviet Culture Fund, and the Soviet Charity and Health Fund.

Another fundamental point of the tax law that should be mentioned is that the procedure for determining the status of income tax payers is to be changed with regard for accumulated international experience.

As of now, the Soviet Union is the sole major state that bases its tax system on the principle of citizenship: the overwhelming majority of countries use the principle of permanent place of residence in their tax law. From our point of view, it expresses more fully the economic relationship between the individual and the state.

Introduction of the concept "permanent place of residence" makes it possible to divide taxpayers into two categories: those who reside permanently in the USSR (in accordance with the commonly accepted practice they include all who remain in the country's territory for over half a year in each calendar year) will have to pay tax on all of their income irrespective of its sources; those who do not have a permanent place of residence in the USSR will be taxed only on income received from sources in our country.

For the first time in our tax practice, we foresee establishing that no one is entitled to tax benefits except for those directly stated in the law itself. Individual exemptions may be established for individual citizens only if the local Soviet of People's Deputies feels this to be necessary. Such a decision raises the significance of the law and excludes the possibility of differences in its interpretation.

There is one other extremely important provision. Attentive discussion of the issues revealed that publishing instructions is a necessity. At the same time, the instructions must not be allowed to distort the meaning of the legislative rule. The proposal is, therefore, that the instructions be published by the USSR Ministry of Finance in coordination with the USSR Ministry of Justice.

There are two matters which in the opinion of the Government must be discussed in addition to the bill.

The first has to do with gold prospectors. According to presently existing procedure, the income of members of gold and nonferrous metal prospecting artels is completely tax-free. We feel that considering the special importance of this form of activity to reviving the economy and the country's finances, repeal of this exemption today, in the transition to progressive taxation, would be premature.

The other issue is associated with existing tax exemptions provided to military servicemen. Let me recall that tax-free earnings of 350 rubles have been established for our servicemen. The commonly accepted rate above this amount is 13 percent. We feel it suitable to retain the amount of tax-free income of servicemen, considering that the political and socioeconomic conditions for reducing their material support do not as yet exist.

On this basis, the Government proposes supplementing the bill with corresponding provisions, having in mind that no one besides a legislator has the right to introduce additional tax exemptions, as foreseen in the bill.

Briefly concerning the tax on bachelors, unmarried persons and citizens with small families. We are receiving a large number of letters from laborers and people's deputies. It is clear to everyone that the tax no longer satisfies its initial objective. As we know, it was introduced during the war, and adjusted after that. It provides 1.5 billion rubles of income to the budget. The Government feels that the tax should be repealed, and that this measure should be implemented gradually, during 1991-1993. Initially we suggested repealing taxation of those who do not have children for health reasons. However, because this would have required many people to submit various sorts of medical certificates, many objections of a moral, ethical and organizational nature that were justified from our point of view arose in the course of the discussion.

Another variant is suggested: to repeal the childlessness tax on all married women beginning in 1991, on all married men beginning in 1992, and on all other citizens beginning in 1993. This is estimated at 380 million rubles annually in 1991-1992 and 750 million rubles in 1993. I must state frankly that many proposals to immediately repeal the childlessness tax completely were voiced during the discussion. The one thing that has and continues to restrain the Government is the state of finances and money circulation. There are no financial and material resources.

Comrade deputies, the tax bills were published for nationwide discussion back in 1989, and they elicited a large response from the public. On the whole, they are supported by the population, and this suggests that the correct direction has been selected. At the same time, questions were raised concerning additionally increasing the amount of tax-free income, adjusting the proposed progressive rate, and refining the mechanism of taxation of certain categories of income. For example, increasing the tax-free amount of wages to 100, 200 and more

rubles per month and reducing the tax rate on earnings even up to 500-700 rubles were proposed in many letters. We do not deny that such proposals appear very tempting, but we are forced to reject them, since this would require not less than three billion additional rubles on an annual basis.

You are aware of the state of the budget and money circulation. We believe that it is clear to you that our economy and money circulation may not withstand such additional pressure. In this case, we also took account of the need for reckoning with the insistent demands for satisfying the priority needs of mothers, retired persons, and students, whose problems you are now working on. We feel that they are no less acute and widespread.

All of the raised issues and proposals were attentively examined by the Government, and it will be correct to assume that the bill submitted for your examination was written with regard for the results of nationwide discussion. The first stage of the planned measures, which take the state's possibilities into consideration, already allows us to significantly reinforce social fairness in the distribution of income. The planned tax changes have important significance in this connection as well.

At the same time the fast changes occurring in social and demographic processes in the society require making income tax more dynamic. Practical preparations are to be made in the next few years for fundamental reform of taxation of personal income, so as to make it adequate to the integral conception of improving socialist production relations in the new conditions.

Now about remarks voiced by deputies and in commissions of the USSR Supreme Soviet during examination of the government bill.

Let me repeat that on the whole the bill was met with approval. At the same time many different proposals and variants were submitted. They may be grouped in relation to several directions.

Concerning the amount of tax-free wages. Proposals in this area basically reduce to significantly increasing this amount, as I reported earlier; this will require finding additional new major sources of financial resources and goods. It would be wrong not to reckon with this. We carefully calculated our possibilities when we opted to increase the untaxed part of wages from 80 to 90 rubles. Every additional 10 rubles that go tax-free cost hundreds of millions of rubles. Unfortunately we do not have these assets at the moment, and most importantly, we do not have goods with which we could compensate for the additional consumer demand. Nor can we discount the unsolved problems of maternity and childhood, disabled persons and retired individuals, and many other needs awaiting their resolution.

Concerning taxation of bonuses. A large number of proposals were submitted concerning taxation of all forms of bonuses paid to laborers separately from principal wages.

This would in fact probably raise the prestige of bonuses, but those who suggest this do not take account of the fact that under our conditions, bonuses have transformed for practical purposes into simply another form of wages, and additionally, that they represent a sixth of the wage fund today.

Concerning benefits for large families. Such a request—to exempt parents of large families from taxes—is contained in a large number of proposals.

We suggest that it is more effective today to help large families not through taxes but through improvements in assistance to mothers and children. Proposals coordinated with the USSR Supreme Soviet Committee for Women's Affairs and for Protection of the Family, Motherhood and Childhood will be submitted for your examination.

As I have reported, when it comes to organizing a universal income tax in the future, this issue could possibly be resolved by deducting, from total income, different proportions of a number of expenditures associated with maintaining children, the elderly and disabled persons and expenditures on other similar social needs, as is done in other developed countries.

Concerning taxes on creative workers. Very many objections were received in this regard from representatives of the creative intelligentsia in connection with the definition of their total income proposed in the bill. It seems to us that these remarks were accounted for in the proposed bill. The suggested solution is based on the notion that all citizens in our state must bear equal tax responsibility before the society. To account for unique features associated with creative activity, the bill foresees spreading honorariums over a period of several years when contracts with publishers exist; it also foresees taxing not gross receipts but actual income—that is, for the first time we are accounting for the expenses of creating a work of art and the possibility for providing additional benefits, at the request of creative unions, to creators of works of art with the highest merit. The idea is to distribute the total award to such persons over a period of eight years for tax purposes, irrespective of the presence of a contract.

Concerning introduction of income tax based on average income per family member. Today both in our country and in most other countries, the income tax system is based on personal income.

If we agree with the proposal and begin calculating so-called "per-capita" income in the family, then we would essentially be replacing many social benefits and payments currently supported by the budget. In turn, this will impose functions upon the tax system which are atypical of it and which, it seems to us, are carried out more fairly through direct budgetary regulation.

I would like to report to you that on the whole, the citizens' income tax bill reduces the state's budget resources by 2.5 billion rubles annually, or 2.9 billion

rubles with regard for gradual repeal of the childlessness tax. Obviously, this is a very large sum for us today. Its compensation will require considerable effort on the part of the entire society.

At the same time, we think that in the present stage of improvement of tax law, it is most important of all to strengthen social fairness in income distribution. In our opinion the bill satisfies this need.

Comrade deputies! Most committees and commissions validly believe that the law should reflect not only supplements and revisions but also the entire complex of provisions that would help the population master the entire taxation process.

We feel that this is proper. Together with working groups of deputies we made an attempt to perfect the bill, and now in our opinion it is an extremely complete direct-action law, though of course this does not exclude the need for certain commentary in the instructions, which from our point of view should be of technical nature.

Any law objectively requires effective instruments of its implementation. As far as taxes and tax policy are concerned, tax inspection offices will become such instruments in accordance with a decision of the Second Congress of People's Deputies. For them to work effectively, we need to resolve some legislative issues reflected in the bill on the rights of state tax inspection offices, submitted to you for discussion by the USSR Government.

We are faced with creating a special taxation apparatus practically from the very beginning, and we are now engaged in such work. The Main State Tax Inspection Office is being organized in the center, in the middle link and locally. It is to be endowed with all powers necessary for its work, powers which would ensure unfailing satisfaction of the demands of state tax policy. The functions of this inspection office could be defined as follows in general form: supporting implementation of tax reform and the transition to a single tax system for all of the country's territory, and organizing universal surveillance over transfer of tax income into budgets, and over prompt and complete fulfillment of tax obligations before the state by enterprises, cooperatives and the population.

On this basis, on one hand the new tax apparatus should be relatively independent so that centralized statewide interests in the area of finances could be supported by the taxation system, while on the other hand it must become an active, effective instrument that would assist in formation of the income base of local budgets. Qualitatively new forms of tax surveillance will be required in regard to the validity of income information supplied by taxpayers, and a direct relationship will have to be established between the tax service and receivers of income.

The new service will have to exercise effective, competent and sufficiently rigid control over 85,000 state

enterprises and more than 200,000 production cooperatives, in almost 25,000 other cooperative and public enterprises and organizations, in 30,000 kolkhozes and interfarm organizations, and at more than 1,300 Soviet-foreign joint ventures. In addition, control will have to be established over calculation and payment of taxes on the earnings of laborers in almost 500,000 enterprises, institutions and organizations, and around one million citizens receiving income from private activity will have to be "examined."

The most conservative calculations show that in order to support attainment of these objectives, over a certain period of time we will have to increase the staff of the tax service to not less than 100,000 persons. For comparison, around 120,000 workers are employed in this area in the USA, and 66,000 are employed in Japan. In 1990, the number of tax workers in our country will increase by 25,000 to a sum total of 65,000 persons.

It stands to reason that the proposed objectives will not be attained just by quantitative enlargement of the staff of tax inspection offices. We need to raise the responsibility of taxpayers for the promptness and completeness of settling their accounts with the state, and we need to provide tax inspection offices with the corresponding rights allowing them to prevent violations of tax law and impose sanctions on violators in time.

Unfortunately, the legislative rules presently in existence do not permit application of economic and administrative sanctions immediately upon revelation of violations; instead, they presuppose a rather lengthy bureaucratic process of examination of violations by administrative commissions. In a number of cases financial organs are granted no rights at all to conduct inspections and examinations, for example in regard to joint ventures with foreign participants, and some public organizations.

The effectiveness of tax control is also reduced because as a rule personal material liability of officials is not foreseen, and the dimensions of economic sanctions are often miserly, such that the mechanism itself operates symbolically only.

Unfortunately, in this way our legislation differs negatively from the laws of other countries.

In this connection, the Government submitted a proposal to the USSR Supreme Soviet on supplementing existing legislation and expanding the rights of tax inspection offices.

A rule is proposed permitting officials of tax inspection offices at all enterprises without exception (Soviet, foreign, joint) to check any documents of all citizens to confirm the validity of their income statements, and to obtain explanations and information from all taxpayers concerning questions arising during inspections. Such a rule, besides all else, will from our point of view ensure equality of all taxpayers in terms of their surveillance by and responsibility to the state.

Experience shows that in many cases it becomes necessary to go to banks or other enterprises and organizations in control inspections in order to ensure that taxpayers state their full income. However, today such a right exists only among inspectors and auditors of the Control and Inspection Administration. Granting such a right to tax inspection offices is proposed.

As we know, inspections and examinations cannot be limited solely to examination of paperwork in a book-keeping office. To ascertain the correctness of accounting data and make sure that income and production outlays are fully reflected, production, storage, trade and other buildings associated in one way or another with financial and business activities must also be examined. Unfortunately the financial system possesses such a right only in relation to the population. This is why there is an acute need for providing tax inspection offices similar rights in relation to enterprises and organizations as well.

The tax service, which would be a newly created subdivision, must also be granted the right to give taxpayers binding instructions within the framework of existing legislation. Financial organs possess such a right today, and naturally it needs to be extended to tax inspection offices as well.

During inspections and examinations, financial organs encounter cases where enterprise officials destroy documents attesting to tax evasion. Such documents may be confiscated today only with the sanction of law enforcement organs. By the time you obtain the sanction, the documents are gone. It would seem to be suitable to grant tax inspection offices the right to directly confiscate the required documents in the necessary cases.

Existing legislation contains a provision in accordance with which the total of concealed or understated income is collected and entered into the budget and a penalty is charged for these violations. However, this measure was not established for all taxpayers. It does not apply to consumer cooperative organizations, to public organizations, and a number of others. The bill foresees correcting this inconsistency, and placing all taxpayers on an equal footing.

Everything discussed above pertains to the rights of the workers of tax inspection officers in the course of inspections. At the same time the bill foresees granting broader rights to tax inspection offices in general as organs of state control.

I am referring to improving legislation and providing tax inspection offices the possibility for efficiently employing economic sanctions immediately after a violation is revealed.

At the same time, in the opinion of the Government it would be suitable to introduce a few supplements of fundamental nature into the bill. We feel that this is an extremely opportune time to raise the issue of requiring enterprises that hire moonlighters not listed in their table

of organization to submit information on their earnings to the appropriate tax inspection offices, so that the factual base needed for transition to taxation of all income by the end of the year could be prepared.

Here is another important point. Tax inspection offices should be granted the right to verify the authenticity of goods purchase statements of citizens. Today we encounter the following sort of notations in these statements: "It was a gift from my grandmother," "I inherited it," "I found it in the street," and so on. According to current legislation, we do not have the right to verify such statements. And one last thing. It would be proper to foresee material liability in the law for failure to submit statements or for failing to maintain the accounts of financial and business activities foreseen by the rules, and to interpret this as tax evasion. Unfortunately, such a measure is absent from the bill. Very many taxpayers do not see submission of statements as an obligation. Very often people try not to maintain any accounts at all, so that they could not state their full income even if they wanted to.

Therefore we propose introducing a sanction for failing to maintain records and for avoiding submission of statements totaling 10 percent of the sum of the recalculated tax, after it is calculated on the basis of primary documents. On this basis, the USSR Government proposes introducing individual supplements and changes into the texts of the bills in your possession. I think that there is no need to read these supplements here at this time, and as far as exemptions for leaseholders are concerned, those documents have been handed out to you.

Comrade deputies, I think that the bills concerning income tax and the rights of tax inspection offices fully satisfy our requirements, and when considered together with the proposed amendments, they are at the needed level of readiness. Therefore we ask that you support the submitted proposal.

USSR Minister of Finance V. S. Pavlov's Statement and Responses to Questions From USSR People's Deputies

Respected comrade deputies! I will begin with answers to questions having to do with the conceptual aspect. And I would like to return to some things I discussed in my report. Conceptually, the tax submitted for your examination consists of three parts. The first is on income received by citizens up to 150 rubles per month; this is a decrease for all. Then, from 150 to 700 rubles, everything remains at the same level of taxation existing today. And then the tax begins to grow progressively after 700 rubles, while the principal increase starts at a level of 1,500 rubles per month. Against whom is this measure directed? I don't think this audience needs any explanation. The last deputy that spoke before me identified the topic of the debate quite clearly and openly. If you feel that 1,500 rubles is normal, and you think that the tax load should not be increased, then say so, and

make that decision. Everything will fall into place. But if you feel that we have to restrain such growth of income by taxes, that such growth is not always justified under our conditions, and that one could hardly earn 1,500, 3,000 and 5,000 rubles per month through honest labor on a massive scale, then vote in favor of this bill.

In regard to remarks of a conceptual nature stated here, particularly by Comrade A. A. Sobchak, who suggests that the bill creates a division between workers and the intelligentsia and establishes differences in the approach to their taxation, I have this to say. There is a fundamental line that is followed in the bill submitted for your examination (this incidentally pertains to other statements of conceptual nature as well). In accordance with it, the quality and quantity of labor are determined in our country chiefly by the amount paid for it. Taxes cannot have the function of assessing the quantity and quality of labor. Taxes are secondary; wages are primary. And in view of this, we cannot adjust wages by making changes in the tax rate. We could never achieve social fairness and elementary justice in this way.

Now about conceptual statements concerning charities. I beg Deputy S. Ye. Savitskaya's pardon, but if you figure it out and check it out, you'll find that we are proposing greater benefits. Let me say to you in all responsibility, in behalf of the Government, that we are prepared to accept your proposal, but in this case the individual would suffer more, because your calculations are based only on the tax charged, and not on the total that is collected. Yes, more will be charged, but the entire absolute sum which the individual donates to charity is subtracted from the total tax charged. And therefore the actual tax which he pays will be less. If you wish to continue insisting on your proposal, go ahead. But I feel that you will inflict harm on charities.

Next, in regard to statements by agricultural workers and those proposing in behalf of miners that we tailor taxes to the sector in which the individual is employed. If we do so, we would have to take this to its logical conclusion. If we differentiate our approach to taxation depending on the sector of the national economy, tomorrow we will have to differentiate depending on whether the individual works on the surface or under ground. And if under ground, then where—in the ore yard, or at the face? And if at the face, then in a gently sloping or a horizontal bed? At what temperature? At what depth? But these are all functions of wages, and not taxes.

As far as questions which are particular in nature but were nonetheless stated as being conceptual in nature are concerned (I am referring to the alternative variants in behalf of which comrades V. N. Yaroshenko and N. V. Kar'ov argued so avidly), I would like to say the following. Let's take a look and see who really wins and who really loses with these alternatives. Allow me to be specific. Concerning the minimum wages not subject to taxation. Here the positions are completely clear, and I told you that we made the calculations and came up with

90 rubles—a figure which we feel can be accepted given the state of our finances and commodity turnover, inasmuch as this would provide 2.5 billion rubles.

But I did say that 100 and 120 rubles were also proposed. I must ask the deputies not to portray the newspaper reports as officially calculated and scientifically grounded data. Different newspapers in our country publish different data, and what they publish depends to some extent on the current fad. Therefore, let's rely on official information. If you feel that the USSR Goskomstat [State Committee for Statistics] is providing incorrect data, invite its executives here, and let them answer you. But as long as the USSR Goskomstat is responsible for these figures, we will have to guide ourselves by what it provides.

Now in regard to the question concerning an alternative variant. Who wins with a minimum of 100 rubles? Monthly tax decreases by four rubles with an income of 120 rubles, and eight rubles with an income of 150 rubles. After that, the decrease in all cases is 8 rubles 20 kopecks at up to 700 rubles; at 900 rubles it is 1 ruble 80 kopecks, at 1,000 rubles it is 1 ruble 80 kopecks, and then the principal advantage begins after that. At an income of 1,500, the gain over the bill submitted for your examination would naturally be as much as 58 rubles. At an income of 3,000 rubles it would be as much as 358 rubles 20 kopecks. At an income of 5,000 rubles it would be 758 rubles 20 kopecks, and at an income of 10,000 rubles it would be 1,383 rubles.

The mathematical dependence stated in Comrade N. V. Karlov's alternative is absolutely correct—it would be generally very difficult to argue against it, if we approach it from the standpoint of a real scale. And this scale is valid, if we take it simply as a scale. But comrades, when we reviewed the scale he proposes, we found that in reality beginning with an income of 300 rubles—that is, for 60 million persons, the tax load should increase to some degree or other. Can we offer the people an increase in wages today, and then start off by raising taxes on earnings of 300 rubles? This would hurt the bulk of the working class. And by the way, 60 million workers are, after all, a different category of citizens from the three million administrative officials. As far as the other 57 million persons are concerned, what did they do wrong? Therefore we felt that under no circumstances can we touch this category of the population.

Now in regard to particular issues stated by certain deputies. Obviously I will not have time to answer them all. But some of them I must answer—the rest will have to be answered in writing. Here is Deputy Z. S. Gulova's question—it has to do with repealing the bachelor tax. The deputy talks of the importance of women in our life, and says that she has letters describing various situations in which taxes have been levied on women. Therefore she proposes introducing the following qualification into the bill on stage-by-stage repeal of the bachelor tax: "Persons who cannot have children for health reasons

are released from bachelor tax. A medical conclusion serves as the grounds for this."

I would ask the deputies to recall that precisely such an amendment was initially introduced, and it was subjected to criticism that was justified from my point of view. Very many women wrote both in newspapers and in private letters that this is a demeaning procedure—gathering up the certificates, going to the physician, and explaining why they cannot have children. We felt that this insulting procedure had to be abandoned, and we proposed no longer taxing married women by as early as 1991. As we know, unmarried women do not pay such a tax. Thus the idea is to repeal the tax on women as of 1991; men could wait until 1992.

Next, the matter of students, assistance and so on. I would say that whatever the case, we were consistent with our line in this matter. Why? Because when we propose tax-free income of 90 rubles today, there are practically no students who receive a grant greater than 90 rubles (with the exception of specific grant-aided students). This is only talk, and not at all a subject for debate. If you feel it necessary to exclude the entire matter, then let's do so. We were reproached in some statements for intending to grow rich on this tax. I must tell you responsibly once again that budget income is decreasing, and that we still have a mass of unsolved social problems.

I think that you know this as well as I do, because priority programs for raising the standard of living and solving other urgent problems in society have been prepared in the committees and commissions. I am obligated to report to you as minister of finance that in sum total, this is 60 billion rubles, expressed in annual terms. Therefore, like it or not, we are compelled to submit, for your examination, realistic measures that we can support and issues which we feel to be truly the most urgent and painful (whether this is the right or wrong thing to do is another question). And it is for you deputies to judge whether we made the right choice or not.

There are, after all, many issues of this sort that need to be examined and resolved right now. But I don't see any fundamental objections here. There is for example the issue as to whether hunter-trappers should be taxed or not. I tried to find out for myself how much tax we receive from them. As it turns out, I don't have even this information—it must be sought in the autonomous republics. That is, this is not generally a fundamental issue. Therefore I think that there will always be time to consider such particular problems later.

I would also like to speak to the Supreme Soviet today in regard to one fundamental issue. Consider this: We want to assume a sliding scale. What this means is that we will gradually review the tax-free minimum as average wages in the national economy grow. As average wages increase, the tax-free minimum and the standard tax exemption will be increased together with the proposed

tax rates. At whose expense? At the expense of those categories of the population which will basically rise above 1,000 rubles per month. We felt this to be fair. Judge for yourselves how to proceed further. Thank you for your attention.

Deputies T. V. Mamotova and I. Safarov are interested in taxation of the income of kolkhoz farmers, and they ask: "What is the explanation for the income tax exemptions granted to kolkhoz members?"

According to the ukase of the Presidium of the USSR Supreme Soviet "On Income Tax From the Population" in its 20 October 1983 version, income tax is not collected from the income of kolkhoz members. The farm itself pays income tax at a rate of eight percent of the kolkhoz farmer wage fund.

The issue of collecting tax from the income of kolkhoz members deserves attention from our point of view. At the same time, it would be premature to extend to kolkhoz members the procedure for collecting income tax from blue and white collar workers. Full compensation of the expenses of the kolkhozes (including the wages of kolkhoz farmers) through an increase in prices on agricultural products would be a mandatory prerequisite of solving this problem.

Deputy I. A. Zhdakayev asks: "How will tax on payments in kind be assessed? On the basis of state prices, market prices, or something else? Why is tax determined as of the date the tax is charged, when income is received as a result of a lengthy process? What is your opinion on exempting the AIDS fund from taxation?"

The income of citizens obtained as payment in kind will be calculated for tax purposes on the basis of retail prices.

In cases where the wage conditions are such that monthly wages are not paid or they are not paid in their full amount, and the final accounts are settled upon conclusion of the season or after some other lengthy period, for tax purposes the total earnings received at the time of final calculation are distributed over the number of worked months.

Money contributed by citizens to the Charity and Health Fund, including money intended for AIDS treatment, is exempt from taxation.

Deputies S. V. Batrachenko, V. M. Minin and Ye. K. Malkova ask: "Why have students been placed into the taxpayer category? After all, grants are social assistance, and not wages. Wouldn't it be more sensible to designate in the law 'On Tax Inspection Offices' not only the rights of tax offices but also their responsibilities—for example, keeping trade secrets and so on, and concurrently to change the name of the law appropriately? Are you proposing to include grants to students (including grants of larger size and special grants) in Article 2, 'Income Not Subject to Taxation'?"

The principle of an equal approach to all income of citizens is the basic principle of the draft USSR law "On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship." At the same time, the state does establish exemptions for certain taxpayers.

Grants are not social assistance, and they are paid from a grant fund. In this connection, the procedure by which income tax is collected from students of institutions of higher education and students of secondary special educational institutions are similar to the procedures for collecting income tax from blue and white collar workers.

As far as exempting the grants of students of higher and secondary special education institutions from this tax is concerned, as a rule the amount of these grants does not exceed 80-90 rubles per month, and the grants are not subject to taxation on the basis of the exemption established for all citizens.

It should also be kept in mind that the tax rate for income up to 150 rubles per month is significantly lower. Therefore, it would be unsuitable to establish a special exemption for such income. Otherwise, students would find themselves in a more privileged position in comparison with low-paid categories of laborers, which can hardly be said to be socially fair.

The suggestion to include the responsibilities of tax inspection offices in the draft of the USSR law "On the Rights of State Tax Inspection Offices" deserves attention.

This matter will be examined during the final drafting of this bill.

Deputy N. G. Bobritskiy asks: "Please explain the basic directions of use of assets collected as income tax (in relation to different levels of administration—union, republic, local soviets). Does income tax come back around, and if so, how?"

Taxes, including income tax, are one of the ways in which the population participates with its own income in the creation of the public fund of monetary assets, which is then used to finance the national economy and social and cultural measures, to maintain defense capabilities, and to support the administration.

Taxes come back to the population in the form of pensions, grants, assistance and subsidies for the maintenance of children in preschool institutions; the state finances education, public health and other social needs.

Thus, being a stable source of income for the state budget, which is especially important when the budget is not balanced, taxes help to solve many problems.

Deputy Ye. U. Kim asks: "How do you feel about this proposal: reducing total income tax for the year by the amount contributed to charities, but by not more than a third or a half of the total tax? At the moment, according to the bill, contributions to these charities are not subject

to income tax, but the idea here is to reduce the tax by the amount of the contributions."

Your proposal for reducing tax by the amount of contributions for charitable purposes essentially means financing charities at the expense of taxes—that is, at the expense of the state budget.

Deputies V. M. Yetylen and N. I. Gutskalov have a question about granting tax exemptions to hunter-trappers and seagoing fishermen.

Existing legislation on income tax has gone basically unchanged over a period of many decades, and some of its provisions no longer satisfy the social realities of today.

These matters were raised with special urgency during nationwide discussion of the bills pertaining to improvements in the system for taxing the population.

It has now been deemed necessary to review the existing income tax exemptions, so that they might be granted in special cases strictly qualified by law, dictated by social and economic motives, and not by the professional working and living conditions of individual categories of citizens.

Moreover, discussion of the draft USSR law "On Changes in the Amount and Procedures of Taxation of the Population" clearly revealed that according to public opinion, exemptions established on the basis of profession had to be repealed. This pertains to hunter-trappers, seagoing fishermen and so on.

Considering the above, the USSR Ministry of Finance feels it unsuitable to offer income tax exemptions to these citizens. The final decision in the matter of income tax exemptions for these categories of citizens is within the competency of the USSR Supreme Soviet.

Deputy P. D. Osipov asks: "Article 3, Paragraph N of the bill, which discusses income tax exemptions from income received from private labor, states ages of 60 and 55 years for men and women respectively. Can citizens granted an early retirement be placed in a special group? For example, 55 years for men and 50 years for women who had worked in northern conditions?"

The draft of the USSR law "On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship" presently being examined in this session of the USSR Supreme Soviet foresees release from payment of income tax for men attaining 60 years and women attaining 55 years, in regard to income received by them from private labor, if the farms of these citizens are in rural areas and if they are exempt from agricultural acts.

The economic preconditions for extending tax exemptions to individual categories of citizens, including those retiring under privileged conditions, do not currently exist.

Deputy Z. P. Pukhova's question: "Is there a mechanism for withholding income tax from income in an amount established by the enterprise itself? (This is for enterprises and organizations that have switched to the new economic conditions)."

The procedure for withholding income tax from the earnings of blue and white collar workers does not depend on the source of the income and its amount, which is what is stated in Section II of the draft USSR law "On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship."

Therefore, income tax from income, in an amount established by the enterprise itself, will be withheld in accordance with the generally established procedure.

Deputy V. N. Fominykh's questions: "What is the ratio of the increase in income to inflation processes in our country? Could it be that the increase in monetary income might not be enough even to compensate for inflation (at the same time that increasingly larger numbers of citizens in the low-paid category of the population are sliding below the poverty line)?"

According to data of the USSR Goskomstat, in comparison with the previous year in 1989 the population's monetary income increased by almost 64 billion rubles (by 12.9 percent), and deposits into institutions of the USSR Savings Bank increased by 41 billion rubles (by 13.5 percent). The inflation level is estimated at 7.5 percent, including 2 percent due to prices and 5.5 percent due to unsatisfied demand.

Development of a system of social protection measures, including compensatory payments to low-paid strata of the population in connection with growth of the cost of living, is foreseen in 1990 by the decree "On Measures to Improve the Economy, the Stages of Economic Reform and the Basic Approaches to Drafting the 13th Five-Year Plan," approved by the Second Congress of USSR People's Deputies.

Deputy Z. S. Gulova proposes introducing the following qualification into the bill on stage-by-stage repeal of the bachelor tax: "Persons who are unable to have children for health reasons are released from bachelor tax. A medical conclusion may serve as grounds for this."

Repealing the tax on persons who do not have children for health reasons was something that we initially had in mind in improving the system for taxing the population in the USSR. However, many reasonable objections of a moral, ethical and organizational nature, concerned with mandatory submission of medical certificates by a large number of citizens, were received in regard to this proposal. In this connection, a decision was made to adopt a different variant: to halt collection of childlessness tax from all married women as of 1991, from married men as of 1992, and from all other citizens as of 1993.

The final decision on this matter remains with the USSR Supreme Soviet.

Deputy S. I. Platon's question: "Why is the legal responsibility of the tax inspection office not defined in the bill? There is obviously a great need for this."

Your proposal to include the legal responsibility of tax inspection offices in the draft USSR law "On the Rights of State Tax Inspection Offices" deserves attention, and it will be examined during the law's revision.

Deputy S. V. Ignatov asks: "What are the anticipated (predicted) average monthly wages in the country in 1995? What volume of income tax is anticipated (predicted) in the country in 1995? What inflation level is anticipated (predicted) by 1995? Has there been discussion of providing advantage in taxation of the sums indicated in Article 8, and of increasing the untaxed minimum by the amount of the coefficient paid in localities with a hot climate? Why are the rights of workers engaged in private labor infringed upon in comparison with those who will pay tax in accordance with Article 6?"

According to preliminary data, the average monthly earnings of blue and white collar workers in the national economy will be 258-260 rubles in 1990; their increase over the 12th Five-Year Plan is estimated at around 35 percent, or 6.3-6.5 percent per year on the average. The sharp increase in wages that began in 1988 coincided with introduction of new economic conditions and new wage conditions into the national economy, and with implementation of centralized measures to increase wages. Despite measures implemented by the USSR Government to limit unjustified growth of wages, significant changes are not anticipated in 1990 in expenditures from wage funds.

We believe that the conditions under which wage assets are formed and utilized will be changed in the 13th Five-Year Plan and that the rate of growth of average monthly wages will slow down in 1991-1995. At the same time, considering the imbalance in the consumer market, in our opinion growth of average wages in the 13th Five-Year Plan may average 4-5 percent per year. Under these conditions, average monthly wages will be 315-330 rubles, and the total income tax paid into the budget will be 45 billion rubles according to tentative estimates.

As you know, the USSR Goskomstat determined inflation in 1985 to be 7.5 percent, including 2 percent due to the price factor.

As far as 1995 is concerned, it is hard to make a prediction of inflationary processes so far into the future. At the same time, if the rate of growth of inflation (due to growth in prices) will exceed 2-3 percent per year, then this will significantly complicate the course of the economic reform.

The USSR draft law "On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship" foresees advantages in taxation of sums charged to wages and paid in accordance with the coefficient established by existing USSR law for work in the Far North, in localities equated to the former and in other localities with a hot climate (the regional coefficient, coefficients for work in high-altitude, desert and arid regions), and the sums of added payments for time of work in the indicated localities. The benefit is extended irrespective of the amount of earnings.

Under these conditions, there is no need to examine the question of increasing the untaxed minimum by the amount of the coefficient paid out in these localities.

Both according to existing law and according to the income tax bill, persons engaged in private labor who receive up to 3,000 rubles income per year (250 rubles per month) pay tax in the same amounts as blue and white collar workers, and only when they receive larger amounts of income is tax collected from them at a higher rate. This is explained by the fact that state and cooperative enterprises pay taxes on their own income or profits in addition to the tax imposed on the personal income of the laborers; the wage fund increment will also be taxed. Therefore, establishing the same rate scale for different types of income of citizens would not create equal conditions in the mutual relations of the population with the budget. Persons engaged in private labor would be in a more advantageous position, paying only one form of tax. Moreover, while the income of laborers employed by enterprises is accounted for in its entirety, the income of citizens from private labor is reduced for tax purposes by the expenses associated with this labor. And finally, income from private labor is established approximately, since it is practically impossible to determine this income exactly.

On the basis of the above, taxation of the income of blue and white collar workers on a basis different from taxation of persons engaged in private labor is justified.

Deputy S. I. Azarov's questions: "The Second Congress of the USSR People's Deputies supported the Government's two-stage economic program for 1990-1995. Was consideration given to a two-stage minimum taxed amount of up to 90 rubles, with regard for the determination of the subsistence minimum in 1993-1995? What benefits are foreseen for small enterprises in regard to tax on profit?"

During the writing of bills by which to improve the system for taxing the population of the USSR, it was recognized that the income tax system had to be reorganized in stages.

In the first stage, the untaxed minimum wage is being increased from 70 to 90 rubles per month, taxes on low-paid categories of workers (from 91 to 150 rubles per month) are being reduced, and the progressive tax rate on earnings greatly exceeding the country average is

being reexamined. Blue and white collar workers, cooperative workers, writers, artists and performers are being placed under identical conditions, the system of tax exemptions is being placed in order, and so on.

In the future, we will create a universal income tax system foreseeing introduction of identical mandatory deductions from received income of all of the country's citizens prior to taxation: a single untaxed minimum for all citizens, one corresponding to the greatest degree with the existing economic conditions and those predicted for the next few years, and to the state's budget possibilities, and identical deductions for children of all citizens, and some other deductions and exemptions.

The draft USSR law "On Taxes on State, Leasing, Cooperative, Public and Other Enterprises, Associations and Organizations" foresees a significant quantity of profit tax benefits for socialist enterprises, including small enterprises. In particular, taxable profit, less profit which would ensure over 40 percent profitability in relation to productive capital, is to be decreased by the amount of profit obtained from selling nonproductive consumer goods produced by the enterprise itself and from rendering paid services to the population through the enterprise's own resources, above the level attained in the corresponding period of the previous year (in comparable prices and conditions). This pertains to enterprises for which production of such goods and provision of such services is not the principal activity.

Small enterprises having activities oriented completely on production and processing of agricultural products and on production of consumer goods, construction organizations, and enterprises producing construction materials are completely exempt from profit tax in the first two years of their work.

Deputy Ye. K. Malkova's question: "This bill foresees collection of taxes on extra pension payments and on payments of one-time assistance to retiring labor veterans. Many enterprises pay small extra sums of 30-50 rubles from their material incentive fund to their retiring workers, and these sums are taxed. Laborers do not understand why one part of the pension is taxed, while the other is not."

The draft USSR law "On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship" foresees that sums paid as material assistance, including extra payments to retired persons, of within 500 rubles per year inclusively, are exempt from tax.

Deputy Yu. I. Borodina is interested in knowing what outlays the state will make in creating state tax inspection offices.

In 1990, the number of workers employed by state tax inspection offices should be 65,000. The expenses of maintaining the inspection offices are around 480 million rubles annually, including 260 million rubles for the maintenance of the existing taxation apparatus (40,000

persons), and 220 million rubles will be needed for newly hired workers (25,000 persons).

In connection with development of the cooperative movement and private labor by citizens, and formation of new associations of socialist enterprises, the load on the taxation apparatus is growing, and its current staff does not allow effective surveillance over compliance with tax law and fulfillment of the obligations of taxpayers to the state budget.

We know from the reports, calculations and statements of economic organs, cooperatives, citizens and other taxpayers checked by the taxation apparatus that over one billion rubles of additional payments are made into the budget annually.

When we create tax inspection offices and free them of functions atypical of them, and when we endow them with extensive rights, the effectiveness of control efforts directed at strengthening financial discipline in the country, and revealing and collecting income concealed from taxation, which is estimated by experts to be over two billion rubles, will increase significantly.

Deputy V. A. Chelyshev asks what category of citizens the clergy fall into, and how their income will be taxed. Can the list of charitable funds for which donations would be exempt from income tax be expanded?

The procedures by which citizens receiving income from religious organizations are taxed and the amount of tax will remain the same, and they are spelled out in Article 21 of the draft USSR law "On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship," which foresees taxation of annual income, which must be declared to tax organs. The tax rate is progressive.

When it came to determining charitable funds that can receive tax-exempt donations, the USSR Ministry of Finance based itself on the fact that there are no economic preconditions for financing all funds through the state budget, and in particular, through tax income. This is why the bill specifically determines the funds which have priority social significance.

Deputy N. M. Piryazevu is interested in knowing whether the rights of local soviets of people's deputies will be violated in connection with creation of state tax inspection offices.

Creation of state tax inspection offices cannot violate the rights of local soviets of people's deputies.

First of all, only part of the workers of state income inspection offices will be transferred from financial administrations (departments) to tax inspection offices. These workers will continue to monitor compliance of all taxpayers with tax law, including in regard to payments into local budgets. After the tax inspection offices are created and they are endowed with extensive rights, the

effectiveness of monitoring efforts directed at strengthening financial discipline and at revealing income concealed from taxation and paying it into the budget will rise.

Second, as before, financial administrations (departments) will continue to involve themselves in economic work, in the formation and administration of the budget's income base, and identification of reserves in the national economy.

Deputy N. A. Kostishin asks: "What measures will be included in the proposed bill in regard to taxation of the income of the 'shadow economy'? In regard to taxation, the 'shadow economy' enjoys the most favorable conditions, or to put it more clearly, it is not taxed at all."

Establishing a tax on the income of the "shadow economy" would essentially mean legalizing unlawful activity of citizens. Such phenomena need to be fought by legal measures.

At the same time, higher income tax rates have been established for persons receiving large amounts of income exceeding 3,000 rubles per month.

Deputy Sh. Navruzova would like to know about taxation of the earnings of citizens working in high-altitude regions.

The draft USSR law "On Income Tax From USSR Citizens, Foreign Citizens and Persons Without Citizenship" foresees collection of tax at a 13 percent rate from accrued wages and from coefficients paid in accordance with existing USSR law for work in regions of the Far North and in localities equated to the former with harsh climatic conditions (regional coefficients, coefficients for work in high-altitude, desert and arid regions), and from extra pay for time of work in the indicated localities.

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REGIONAL DEVELOPMENT

Minister Comments on Belorussian-Moldavian Economic Agreement

904A0468A Moscow IZVESTIYA in Russian 3 Jul 90
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[Comments by Konstantin Yavorskiy, MoSSR minister of material resources: "Facing the Market—Moldavia and Belorussia: Direct Trade"]

[Text] The governments of the BeSSR and the MoSSR signed an agreement on economic and technological cooperation.

What was the reason for this step? What was fundamentally new in the agreement between the two republics? What are the prospects for developing interregional ties on the way to a market economy? Konstantin Yavorskiy, MoSSR minister of material resources, shares with us his thoughts on these issues.

The need for a new union charter and a framework of mutually profitable cooperation between regions.... The search for ways to shift to a market economy.... We have been talking about all this for a long time, but time is running out and we cannot afford to wait until Moscow passes some fundamental documents: we simply have no time for it. This was the reason why the governments of Moldavia and Belorussia decided to use their independence, even though the key article of our agreement, which reads "based on the principle of economic independence of the republics," still belongs more to the realm of wishful thinking.

The main goal has been defined very clearly: to rebuild our economies, improve production efficiency and saturate the consumer market. The means to achieve it seem simple, too: a set of agreements to supply one another with goods, components and raw materials produced in our republics. Regardless of which entity they report to, enterprises will sign contracts for one year, five years or to the year 2000 with the assistance of their governments. The analysis of the potential of the two republics has shown that conditions exist here for fast and dynamic growth of mutually beneficial trade.

What is the appeal of Belorussia as a trading partner? Mainly its tractors, motor vehicles, metals, fibers, polyethylene and tires. What do they want to buy here? Freezers, trucks with refrigerating equipment, wires and cables for the electronics industry, pumps and dielectric materials. The actual list of goods is longer, of course, and in time it will be even more detailed. Let me add that both sides agreed to trade not only in goods they are at liberty to sell but also in those materials which they are allocated from the center.

Our agreement is not limited to goods trade. We will seek unused capacities on the territory of both republics to produce deficit goods. Belorussian-Moldavian joint ventures will be set up and scientists and engineers in the two republics will work together on research and technical projects, such as designing new machines; instruments; energy saving, environmentally clean technologies and electronics.

The question naturally arises whether horizontal cooperation between republics can be profitable, given that they are still subject to strict constraints by plans and union-wide centralization. We have no illusions: compulsory deliveries to the union fund will remain at the same levels for the time being. Today, the republic has the right to ask only for minor adjustments, no more. Unfortunately, we have a long way to go to real market conditions. Prices, taxes and quotas for purchases and sales depend not on the mutual interest of market partners but on the unwieldy state machinery which regulates everything and everybody. I am therefore convinced that this attempt on the part of the governments of the two republics to get a breath of economic freedom will meet strong resistance from the departments.

Indeed, there is no more important goal for all of our republics than to achieve true economic sovereignty and freedom to make decisions. Even the mighty and extremely rich Russian Federation is being stifled by faceless departmental binds. What can be expected of small republics who are tied hand and foot? Yet, what is there to fear? The economic freedom they will attain will not be a destructive force, either for the refurbished federation—which we speak of so frequently and, thus far, hypothetically—or for the confederation, if it ever emerges.

Horizontal agreements will bear fruit quickly. Every region will be able to find benefits for itself. Now, we are all in the same boat. Tyumen sells its oil to other regions at insultingly low prices, while Moldavia spends twice as much to produce meat as it recovers in wholesale prices. Agreements will help everybody gradually find a common language. We need an integrated system to even out our opportunities and to find common ground. Again, the core should be comprehensive agreements between self-sufficient regions, between Kirghizia and the Urals, for instance, or Moldavia and Belorussia, based on balanced trade and mutual interest.

Such interregional agreements will play another important role: they will help restore social justice in the country overall. To be frank, our republics and oblast begin in very unequal conditions, and our Moldavia, for instance, gets a large share of its gross income from light industry. We make textiles and garments using Central Asian cotton. Our republic collects large value added taxes while Uzbek cotton growers get pennies for their inputs. Would it not be more just to use interregional agreements to make those who get easy profits share them with suppliers of cheap raw materials?

But the question arises whether or not it will be possible to establish such interregional ties while the system based on administrative division of resources remains intact.

How to force this rusted mechanism to serve the market? Our republic has already drafted a plan to change the Gossnab [State Committee for Material and Technical Supply] into a self-financed entity living only off fees from brokering contracts for customers, or into a commodities broker. Its customers will be departments, enterprises, trusts, kolkhozes, cooperatives and farms. The republic Supreme Soviet recently abolished the Gossnab as such, and its responsibilities were transferred to the ministry of material resources. But I am convinced that it will not last long either: it is needed only while we shift to a market economy. The future belongs to the association of commodities brokers. The current Gossnab system employs many excellent specialists who have wide connections, know thousands of suppliers and

are familiar with needs of enterprises and industries and sources of supplies. It would be very hard to do without such professionals.

Based on the information provided by supply agencies, the republic government will be able to coordinate the development of various industries. Our main task—I say “our task” because I see no other future for my ministry—will be to engage in true marketing activities. This is how we will earn our keep. During the period of transition to market relations, our most important goal will be to provide best possible supplies to our enterprises and to look after Moldavia’s interests. But at some point in the future—I still believe this—our country, too, will have an abundance of goods. Then we will seek markets for our clients and help them find their way in it and to make the best choice. Our main task will be to provide services to the multitude of small enterprises spawned by new forms of property: to buy goods and equipment for them, ensure stable, well-regulated supply of raw materials and deliver components according to a strict schedule. We will offer consulting services, do market studies and set up commodity exchanges. There will be plenty of work.

I do not want to predict how soon such time will come. The road to a market economy is not strewn with roses alone and we cannot yet survive without a regional supply system. This does not mean, of course, that enterprises should not themselves establish direct links of their own. On the contrary, existing economic ties should be strengthened and expanded. As to the system of voluntary interregional supply and marketing partnerships, horizontally spread over our boundless Soviet expanse, it must be the motor which will drive us faster toward a market economy.

The wretched shortages will go away by themselves. The republic brokerage agency will have exact information about impending shortages and the region itself will think about solving them. Investment policy will play an extremely important role: the republic will invest funds in the development of loss-making and non-prestigious industries, no matter where they are located. Even if they are in Arkhangelsk or Tyumen. The only criteria will be that the republic needs them.

The economic axis between Belorussia and Moldavia is the first step toward building a system of inter-republic relations. These will be relations between interested, equal partners in the future market. Thus far, it is only a mechanism for the transitional period. A time will come when enterprises will play first violin in the market. Today, we must help them in every way possible. Even under the conditions of a solid Gosplan-Gossnab dictatorship, we decided to cast aside doubts and to start building inter-republic horizontal ties. Our future partners will be the Ukraine, Georgia, Armenia and the RSFSR; we are already working on a package of proposals from them.

**Estonian Economics Minister Interviewed on
Baltic Market Relations**

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Morning Edition p 2

[Interview with Estonian Economics Minister Leiman by
A. Voznesenskiy: "Independence and the Market"]

[Text]

[Voznesenskiy] Maybe this is not quite an ordinary question: Is professional economist Leiman in agreement with everything that economics minister Leiman does?

[Leiman] With everything. Otherwise, I would not have agreed to occupy the minister's chair. I studied in Siberia at the Aganbegyan Academy. I studied the market economy in Finland for a year, and I have been actively participating in Estonia's economic life for nearly 25 years—as a practitioner, a consultant, teacher, and scientist. My entire previous experience has led me to the simple conviction that the economy's own "Newton's Laws" exist in the economy as in mechanics and that they operate independently of society's social structure. Therefore, as a minister I intend, if not completely, then to a significant degree, to forget about ideology and to engage simply in economics.

[Voznesenskiy] And what is greater in the "Baltic Path Toward Freedom" that has been proclaimed by Estonia, Latvia, and Lithuania: economics or politics?

[Leiman] It is impossible to separate one from the other in today's economic situation. The Baltic market economy potential is higher than on average throughout the USSR. However, it can hardly be implemented if our republics do not become really economically independent. But all previous experience, including five years of perestroika, says that political independence is also needed to do this.

We do not want our striving for independence to be viewed as an attempt toward a complete break with the USSR. The eastern market will be important for the Baltic Region both in the near and in the remote future. And naturally we are interested in maintaining good neighbor relations with the USSR and in coordinating economic activities and regulations: customs, transportation, and energy.

[Voznesenskiy] You are confident that the USSR will also be interested in this?

[Leiman] I am confident. If only economic thinking is not suppressed by political ambitions or restricted political pride. Independence, on the one hand, and normal cooperation, on the other hand, will permit us to more rapidly advance economically, which undoubtedly will also be beneficial to the USSR. You know we would hardly receive so many wonderful goods from Finland right now if it were a union republic.

[Voznesenskiy] Let us assume that it is still early to talk about the appearance of another three Finlands alongside the USSR. We could also dispute the thesis that a political separation from the USSR is an essential condition of rapid economic development for the Baltic Region. It has not been excluded that this will produce exactly the opposite effect—it will worsen some problems that it would be simpler to resolve within the framework of one state. But, maybe you are also correct in saying that politically independent Baltic republics will more quickly succeed in creating a new economy. And in this regard: Does the "Baltic path" signify identical development or will Estonia seek its own success?

[Leiman] Naturally, our republics have much in common—history, geography, and the level of development—that determines a common understanding of the world and economics. Furthermore, neither Estonia nor Latvia nor Lithuania, of course, anticipate rapid success on western markets. Therefore, it is beneficial for us to expand ties among ourselves. Keep in mind: the internal Baltic market is nearly eight million people and the number of Estonians is 1.5 million. It is understandable that this is an enormous difference for someone engaged in series production. Right now the heads of our governments have signed an agreement on economic cooperation. It consists of the establishment of a single information network, resolution of commodities exchange problems, and introduction of national currencies, customs regulations and other actions. There is the intention to also establish a special Baltic market fund for extreme situations.

At the same time, Estonia has its own specific features and is seeking, as you said, its own success. And in a political sense we see our own republic as an independent state and not simply a part of the Baltic Region. I also think that Estonia will resolve many problems along a more well-thought out, compromise path.

[Voznesenskiy] Can we understand that to mean that you do not agree with Lithuania's present position?

[Leiman] I, as an official, do not consider it possible for me to discuss the actions of other states. Each people is justified to make independent decisions. I can, of course, speak as a private individual. In the past, Lithuania was a quite large and economically developed (for that time) country. They even had a king, which we did not have in Estonia. This undoubtedly imparts pride to Lithuanians (in a good sense) and affects their conduct and actions. The socio-emotional climate is also determined by the national composition of our neighbors—still 80 percent Lithuanians. And then we are located more to the north according to our geographic position and consequently more restrained.

[Voznesenskiy] It is entirely possible that a "more restrained" Estonia will reach a solution of economic problems earlier than the other Baltic republics. Will it

then not have to drag her partners along the Baltic path at her own expense? And will Estonia resort to this?

[Leiman] I already talked about the difference between the purely Estonian and combined Baltic markets. Yes, and from the point of view of ethics—both political and economic—Estonia does not intend to think only about itself. Three Baltic republics—they are three different tactics but one goal. And if we support one another, the end result will already be not three, but four.

[Voznesenskiy] When the USSR Supreme Soviet discussed the problems associated with the possible secession of any republic from the country, serious debates were conducted around issues of mutual payments between the Union [USSR] and the seceding republic. Is this really so complicated, or do you have another point of view?

[Leiman] We can recall how in 1957, during the formation of *sovnarkhozes* [Councils of the National Economy], industry was given one order at the republic level of administration, but later, in 1965, once again with one stroke, everything was returned to central subordination. At the same time, they even grabbed something belonging to the republics until the "Sovnarkhoz Era." In other words, technically this mechanism has already been perfected.

But, as I recall, you have another problem in mind: Who built what for whom, how much did they contribute, and how much did they take from the common pot. They are proposing that we resolve it precisely according to this principle and they obviously will present an enormous bill for the construction of facilities of so-called union significance. But we have another point of view. Right now we are completing a careful analysis of how much Estonia lost during her 50-year stay in the USSR. Statistics affirm that in 1939, according to the level of socio-economic development, we were not behind Finland and even somewhat exceeded it. But today it is difficult to measure how much we lag behind it. In my opinion, the approach appears to be simplified in the background of this logic that has been forced upon us.

And one more thing. If we, Estonia, are viewed as being part of the USSR and they are demanding compensation for a part of union property during our secession, then I also, for example, as a citizen of the USSR, can demand my own share of the diamonds in Yakutiya. Really, my labor during 30 years of work has also been invested in the central budget.

[Voznesenskiy] You said: "If are viewed...." That is, Estonia does not consider itself to be a part of the USSR?

[Leiman] It considers itself to be [a part of the USSR] but illegally annexed. And we hope that the USSR's leadership and the world community will finally say without reservation that Estonia's occupation by Soviet troops occurred on June 17, 1940. There are sufficient documents confirming this. And since we did not voluntarily

enter the USSR, we have the right to leave it, not according to a law adopted by it, but in accordance with international standards.

[Voznesenskiy] And how do you plan to resolve this issue? Will you trust your parliament, or through a people's referendum? Really, if you nevertheless demand to conduct a referendum, a significant portion of the republic's population could also not support the idea of secession.

[Leiman] Today that result is not excluded. But we are attempting to prove to them that they have a greater chance for success and well-being in a small independent country that has not stopped working for its revival even for a minute than in the common kettle where an end cannot be seen to discussions about future models of development.

The northwestern rayons are a serious counterweight. And there are at least two reasons for this. The first (common for everyone) is the too rapid rates of politization of our life (both in Estonia and also in the entire country) that do not provide the opportunity to many people to calmly think over the situation and to reorient themselves. The second is the serious social and ecological situation in these rayons that gives rise to indignation against the republic's leadership. I will not attempt to remove a share of the responsibility for this from the Estonian government but I will say: guilt for social lack of development and ecological disasters lies with the central ministries and departments to an incommensurably greater degree. This is the result of their not well-thought out socio-economic policy.

[Voznesenskiy] It is difficult not to agree with your last assertion. And, furthermore, for the sake of justice I must say that I have met quite a few non-Estonians who are quite consciously ready to live in the independent state of Estonia. But everyone also has a common doubt. We, they say, are ready to vote for a free Estonia and to work and live in it if we will not be treated like migrants.

[Leiman] This attitude of Estonians toward the Russian-language-speaking population as a mass phenomenon was characteristic at the initial stage of development of the idea of national independence. But today this has already passed. Isolated instances naturally will remain on the everyday life level. At least until we have created identically normal living conditions for everyone. It really is no secret that many Estonians up to the present live under miserable living conditions when workers sent to our country by central organs have almost immediately obtained apartments. As for the official level, the speeches of Russian-language-speaking representatives have been activated right now.

[Voznesenskiy] In my opinion, we have been somewhat engrossed by the political aspects of the problem and have forgotten that you are the Estonian Economics Minister. How do you see it in the event that the republic secedes from the USSR?

[Leiman] We will hardly be able to avoid politics to the extent that, as I have already said, it is difficult to separate one from the other. Naturally, it will be a market economy, with all of the attributes proceeding from it. Conceptually, the transition program to it has already been developed (bearing in mind the IME [Self-Managing Estonia] program), and right now its real legislative and practical filling is occurring. The administrative system's adaptation to market relations is ongoing. Look at just this fact: If in October 1989 there were 40 members (of ministries and committee chairmen) and seven deputy Council of Ministers Chairmen in the Estonian Government, now there are 21 ministers altogether and not one deputy. Let us attempt not to drag out the elimination of other sector ministries for too long. Let us leave only those that it is actually impossible to manage either the economy or the country without: The ministries of economics, labor, energy, culture, etc.

The approach to the market is also the introduction of the republic's own currency. We hope that all preparations will be complete by December 1990 and that our residents will partially receive their first wages of 1991 in kroons. The issue about the "rights" of the Soviet ruble on Estonian territory will be resolved toward the end of this year. For now, I can say that during the transition period, it obviously will operate in parallel with the kroon but with a different purchasing power. In the future, it will be exchanged, depending on the exchange rate and the situation. By the way, we understand very well that the Estonian kroon will still not soon seriously begin to operate in the republic's economy. But right now it will be a very important moral factor.

[Voznesenskiy] But anyway how will we resolve the issue with union- subordinated enterprises and facilities of union significance?

[Leiman] The same way we resolve all of the rest. If we establish normal political and economic relations with the USSR, it can also continue to retain its property. It, like other Estonian enterprises as well, is only required to respect the laws of the republic.

I understand that the loss of an economic and strategic bridgehead that is beneficial to the USSR might worry someone in Moscow. Only why a loss? In the entire civilized world, various treaties are customary and I do not see any obstacles that prevent the operation of an Estonian port, roads, etc. for common interests. And barbed wire and guard posts are not needed at the border. In the extreme, only customs facilities are required.

[Voznesenskiy] Once again we will not be able to get away from the political aspects, how do you personally see the Estonian State?

[Leiman] Naturally, we will not immediately be able to build a Swedish Social-Democratic model, although we need to aspire toward this. For the first time, I think that

Estonia will be a sufficiently liberal state. With a regulated (particularly during the transition period) market economy and low taxes to stimulate business. It is understandable that at the same time not everyone will live well, and property differentiation will inevitably increase. Naturally, population social protection measures are set forth in the economics ministry's programs and plans. But right now the economy is falling and therefore unfortunately in the best case we will only succeed in compensating the low income strata for losses from price increases and other "surprises" on a one-for-one basis.

[Voznesenskiy] And you as an economics minister are prepared to say to your fellow citizens that secession from the USSR and an independent transition to a market will not result in immediate benefits but, on the contrary, will require definite sacrifices?

[Leiman] I have said this from the first day I was designated to this post—both on television and radio, and also to the press. The time for empty promises and assurances has passed. As a self-respecting economist, I cannot prattle on about a rapidly approaching bright future. As a man, I do not have the right to deceive the people whom I hope I will live and work with for a long time.

BSSR Chairman Describes Republic's Experience With Self-Financing

904A0341A Minsk SELSKAYA GAZETA in Russian
24 Apr 90 pp 1-3

[Interview with V. F. Kebich, chairman of the BSSR Council of Ministers, by Ya. Alekseychik: "Economic Independence Is the Goal"; date and place not given]

[Text]

[Correspondent] Vyacheslav Frantsevich, it is well known that Belorussia is the only republic in the country, which ensures a stable performance of its national economy. Does this inspire optimism from the point of view of the tasks that the government will have to accomplish in the very near future?

[Kebich] With regard to optimism it is impossible to do without it. It is simply not worth going to work while dispirited by pessimism. But if the higher regularity in the performance of Belorussia's national economy is discussed, it should be added that the reserve acquired in the past makes itself felt. Nothing comes from nothing. We have always paid much attention to stability in the operation of enterprises, organizations, and farms, because we have realized and still do that, without this, to seriously talk about the solution of economic and social problems would be Manilovism. Therefore, today I also say with confidence that we must finish this year well.

In our republic a 4-percent increase in national income in the first quarter is ensured, the volumes of industrial

production have risen by 3.4 percent, and contractual obligations are fulfilled almost fully. Of course, all this is reassuring.

However, we do not live on an island and now we are very worried about the decline in the delivery discipline in the Union. If measures are not taken, our enterprises and farms can also be subjected to a destructive effect of these phenomena. Therefore, we now seek solutions, which would make it possible to forestall a turn of events undesirable for us.

[Correspondent] There is a saying that a person talks about what troubles him. What troubles the government and the head of the government most of all?

[Kebich] There are so many problems that it is even difficult to enumerate them. I will only say that the government gives priority to everything that is connected with the creation of normal conditions for people's life. It is a matter of trade, medical services, badly-off families, and disabled persons. In the very near future the government will adopt a package of specific decisions. With regard to the entire government program it will be set forth at the first session of the republic's Supreme Soviet of the new convocation. Not a long time remains before 15 May. Stepped-up work is now being done on it and I would not like to get ahead of myself. However, of all the problems facing the government I would like to single out the Chernobyl problem. Today one can say that significant headway has been made with Moscow authorities. It was not simple to substantiate our program. The leadership of the Central Committee of the Communist Party of Belorussia, the Presidium of the Supreme Soviet, and the republic government had to work seriously. A draft decision approved by the commissions of the Supreme Soviet with the proposal to sanction the Belorussian SSR program for eliminating the consequences of the Chernobyl AES accident was submitted to the USSR Supreme Soviet. I consider this a big victory, which will make it possible to more quickly accomplish the tasks outlined by us.

[Correspondent] What contribution to "forcing the program through" did USSR people's deputies from Belorussia make?

[Kebich] We are very grateful to them for their support. They constantly aroused public opinion and the opinion of people's deputies directly in the Supreme Soviet. Many participated in meetings of the boards of the USSR Gosplan and the Presidium of the USSR Council of Ministers. Their contribution is significant.

[Correspondent] Nearly six months ago in the country's Supreme Soviet you defended the Belorussian self-financing and self-provision model, or, as it is customarily called, the Belorussian cost-accounting model, about which there were many disputes. I recall that one of the participants in the debate made the following "compromise" statement: Belorussians are right, because while others argue, they, advancing gradually, will acquire valuable experience. What do you think of

this model from the point of view of today? What does experience indicate and what is the path to real cost accounting?

[Kebich] I have always asked journalists—and not only journalists—not to use the term "regional cost accounting." There can be no regional cost accounting, just as there can be no street or house cost accounting. This concept is applicable primarily to the economy. In this case it is more correct to talk about economic self-management and self-financing. I would like to stress that last year we changed over to self-management and self-financing, but not to economic independence. I will not hide the fact that we were very glad about this. True, many of our joys were premature, because the country's ministries and departments surreptitiously curtailed even the limited rights granted us with respect to enterprises of Union subordination. I spoke about this frankly at a meeting of the USSR Council of Ministers. Nevertheless, there is every reason to state that we have made significant progress in self-financing matters. During the first quarter the revenues received in the budgets of oblasts and Minsk increased 1.5-fold as compared with the same period of last year. The disposable balances of funds in local budgets also increased respectively. So, proceeding from the strictest requirements, it is good that we were the first to change over to self-management and self-financing. Yes, we have gotten "bumps," but now we are more competent.

[Correspondent] Can these "bumps" be sold now?

[Kebich] They can and we are already selling them. Many republics learn from us. Before the end of the year we will acquire even greater experience and dividends. Now, however, we are already raising the question of the republic's economic independence. A large group of scientists are working on alternatives. The transition to a market economy changes all the established approaches to this concept in many respects. It presupposes much more economic freedom. Therefore, it is necessary to fundamentally evaluate everything that has been done and to isolate what is most efficient in order to use it in the future.

[Correspondent] Since the model of Belorussia's economic independence is still being developed, right now can you name its most distinctive feature, which will be taken into account in any of the drafts submitted by scientists?

[Kebich] I think that we more than other republics will have to count on our own forces and on our own accumulations and earnings. Let us take only one indicator. Centralized capital investments throughout the country are envisaged at about 15 percent. Basically, they will be used for defense and for the development of zones with raw material resources, of the fuel and power complex, of the chemical industry, and so forth. We will get only a small amount out of this. Consequently, everything that we intend to do should be financed from the funds earned directly in the republic. The very

system of plan formation for 1991 is also changing. Whereas before we drew up plans and then went to Moscow and asked for resources for them, now we have to calculate what we have in the budget, make investments only on the basis of the money available in the republic treasury, and allocate these investments only to where we can receive the biggest and most rapid return.

[Correspondent] USSR President M. S. Gorbachev announced the need for radicalization of economic reform. How will this be implemented in Belorussia?

[Kebich] It must be admitted that during the five years of perestroika the country has not advanced economically and today, in fact, the following question has arisen: Either to go back to the administrative command system, or, nevertheless, to advance reform. There is no need to hide the fact that such voices are heard. My opinion is unequivocal: There is no way back. No one will allow us to go back to old methods of management and, besides, we do not have such a wish at all. Therefore, only the second way—radicalization of economic reform—remains. Here I see two approaches: to go very rapidly, according to Napoleon's principle, that is, the chief thing is to start a fight and then we will see, or to move gradually, but energetically, to isolate the problems that are now most visible, and to solve them efficiently. I have no doubt that we should work precisely so. Wholesale purchase prices, uniform taxation, progressive tax on citizens, increase in the minimum wage, and the consumer basket—these are the problems that are knocking on the door. We cannot wait here. New purchase prices, especially of agricultural products, must be introduced before 1 July 1990, because this must be done before the harvest. With regard to all other problems I would consider it necessary to solve them as of 1 January 1991. This is my attitude toward radicalization—a pragmatic attitude dictated by the Belorussian situation.

[Correspondent] How does the present apparatus of the republic's Council of Ministers and of its ministries and departments perceive what is called new economic thinking? For example, when cost-accounting problems are solved, in many offices one has occasion to hear "no," "it is impossible," "one is not supposed to," "there is no precedent," and "the instruction states differently."

[Kebich] One can say unequivocally that today the apparatus is not truly prepared for the new approaches. The other day we became convinced of this once again when we examined problems concerning the reorganization of the entire system of material and technical provision along the Gossnab line. After all, the Gossnab from a distributive organization should become an intermediary trade organization. All those present in the hall said that they did not at all have a complete idea of the system that should operate under conditions of a market economy. Therefore, we must teach people and perhaps even invite specialists from abroad. To be sure, we now must turn to three market economy schools: There is a

school that has just appeared—these are East European countries. The second is the school of the old market economy—West European countries and the United States of America. The third is the school established in the process of explosive economic development in the countries of South East Asia. It is difficult to be oriented toward Old World countries, because they have pursued this for a very long time. However, not much time has been allocated to us. I turn my eyes to the countries of South East Asia.

Thailand, Singapore, Malaysia, and South Korea in some 7 to 10 years were able to rapidly move forward. Therefore, we think that groups with the participation of scientists and other specialists should be established in the republic and that the experience of these countries should be studied in order to apply it in our country. According to Lenin, this means to take all the best from capitalism. Let me not be misunderstood as advocating the capitalist method of production. Conversely, they have adopted a great deal from socialism—what we have competently set forth in theory, but have been unable to apply in practice. Therefore, returning to your question once again, I must admit that, yes, we have such a hindrance and to some extent it is inherent in all us, workers of the old training. However, where to find totally new people? Again, recalling Lenin, it must be said that vital problems have to be solved with the people that are available.

[Correspondent] Another matter connected with the management system. One day IZVESTIYA published an article under the loud heading: "Does a Barber Need a Minister?" If to proceed from this to a generalization, how does the scheme of national economic management existing in the republic correspond to the tasks of economic restructuring?

[Kebich] Let us get away from what was and talk about how it should be. I know that now a group of people's deputies, getting ready for a session of the Supreme Soviet, is nurturing ideas to improve the management of the republic's national economy, which, basically, boil down to the abolition or unification of certain ministries and departments. I view this somewhat differently. Yes, a great deal in management is now imperfect. However, until we model the new scheme on regions from the point of view of norms and normatives, we should not break in order to once again break later. I even think that the future government should ask the Supreme Soviet and deputies to give it some time in order to adjust the entire management structure to a market economy. The fact that the structure will change is no secret to anyone. However, it is impossible to buy it in ready form anywhere.

For example, let us take the ministry. The fact that its function will change is completely clear right now: first of all, in terms of the same material and technical provision. Why do I talk so much about it? Because I put it in the first place in a market economy. This is especially urgent for our republic, where the structure of

industry has been formed in such a way that we must ship in many resources. At first the Gosnab, the Gosplan, and ministries should engage precisely in material and technical supply. Believe me, I am not ready to answer today what their structure should be, although we give a great deal of serious thought to this.

[Correspondent] Under conditions of the market shortage it is quite reasonable to talk not only about measures to saturate the market, but also to limit shipments of the bulk of commodities out of the republic. What does the government intend to undertake in this respect?

[Kebich] Measures and very big at that are planned. I can say that gigantic work must be done here, but we will not manage it without the understanding of this problem by labor collectives of industrial enterprises, many of which are monopolists of the production of certain types of products and do not always take into consideration the needs of the internal market when concluding delivery contracts. However, these will be temporary, forced measures dictated by our poverty. Other countries seek sales markets and try to sell more, but we think about how to guard the market. Here I see three directions in actions: The first, as until now, to increase the output of goods. Quite a lot of them are available even now, but people are dissatisfied and justly so, because store counters do not become richer if we produce more. I will not go too much into detail. I can only say that shipments out of Belorussia are considerable. Consequently, it is necessary to find a way to protect the market. A set of measures in this direction are being developed. Second, the products produced in the republic, on the basis of contracts with enterprises, should be sent primarily to the republic market. We produce a great deal. It is difficult to say what we do not produce. The third—commodity exchange operations. Everything that we are short of should be sought through the conclusion of long-term trade agreements with other Union republics. I think that even before the session of the Supreme Soviet the republic's government will adopt decisions, which will enable the population to have access to a bigger quantity of goods than they have now.

[Correspondent] Are specific agreements with specific republics already being prepared?

[Kebich] Yes. There is an agreement about an exchange of workers' delegations with the Russian Federation and with the Ukraine in order to prepare such agreements.

We are working on an agreement on cotton deliveries with Uzbekistan. We need a great deal of cotton. In general, we have somehow overlooked the fact that joint enterprises can be established not only with foreign companies and firms, but, first of all, with enterprises of Union republics. For example, in Uzbekistan there is a big surplus of manpower. Our equipment and our technology and their manpower and raw materials—here is a joint enterprise, whose products can be delivered proportionally to Belorussia and Uzbekistan.

On such a basis we intend to conclude contracts or to establish joint enterprises with all Union republics. The fact that we, nevertheless, are a republic that ships out goods inspires hope for success. In terms of goods for cultural and general purposes alone shipments out of Belorussia exceed shipments into it by more than one billion rubles. The entire positive balance totals about 4 billion.

[Correspondent] I have had occasion to hear about Belorussian money. Is this a rumor or something more than that?

[Kebich] I will say that this is a rumor, but it has a real basis. It concerns one measure, which enters into the concept of protection of the Belorussian market against shipments of goods out of Belorussia. In the very near future, when scientists put their proposals on the table, we will find out how this will be—whether this will be money or checks, or something else.

[Correspondent] Recently a great deal has been said about returning debts to rural areas. How do you understand this?

[Kebich] The writer Leonid Leonov once uttered very good words. We insist on rural areas, he said. If needed, rural areas make war, if needed, they make peace, but they always graze. However, the thesis about returning debts in the meaning invested in it now sounds rather like a slogan, a beautiful slogan. After all, the following question arises: How much and precisely to whom to give away? I would approach the problems of rural areas not from the point of view of the past, but of the future. Yes, rural areas have been hurt. So, let us see what should be done in order to remove the obstacles hampering their development. I see two approaches here: The first—to redistribute investments and to give rural areas the maximum that they need.

And, first of all, for the development of their social sphere. Second—to free the rural manager and to stimulate him. After all, if now there is a shortage of buckwheat in stores, people in offices, not the rural worker, are to blame for this. The price of buckwheat is low. This crop has been ranked with barley, for example, during the calculation of the average yield, for which the same people in offices have always been responsible. But do we really need the yield? We need good gross output. So, let us put the manager in a situation in which it is advantageous for him to produce everything. Therefore, a firm state order for the purchase of products should be presented to farms. Now it is proposed to call this the food tax, but I like the state order more. It exists in all countries. The kolkhoz, the sovkhoz, and the peasant should be in charge of all the rest. On the basis of market needs let them determine what is profitable for them to produce. Let them trade and live better than they did until now. There is no doubt that the republic's entire economic potential depends on the state of affairs in rural areas.

[Correspondent] What place in the government's economic program do cultural problems occupy?

[Kebich] Investments in this sphere will be increased sharply. Whereas during the present five-year plan 0.75 percent of the republic's national income was allocated for culture, during the next five-year plan, no less than 2 percent. Ultimately, everything—the standard of labor, production, communication, consumption, and leisure—rests on culture. Those that do not see to it that the population's standard of living rises will not be able to advance rapidly.

[Correspondent] How does the government intend to build subsequent relations with public organizations and with the entire public in the republic?

[Kebich] First, the government will act openly. Second, we will try to get to know people's views of all urgent problems. We are ready to hear any suggestion and will accept everything that is directed for the good of the republic and the Belorussian people.

Thank you very much!

Conditions Preventing Uzbek Economic Independence Detailed

904A0341B Tashkent KOMSOMOLETS
UZBEKISTANA in Russian 13 Apr 90 pp 3-4

[Article by Larisa Razuvayeva: "The Last Limit"]

[Text] This is approximately how specialists define the crisis state of our economy today. The crisis has now encompassed the entire spectrum of mutual relations between man and society: Moral, political, and interethnic problems have ensnared us from head to toe—we cannot straighten our shoulders or move our hands. And if one begins to disentangle oneself, inevitably one will push the neighbor and troubles will ensue. In brief, a crisis.

It would seem that the residents of the Baltic republics have found a way out, demonstrating at a session of the country's people's deputies the right to be the first to go toward the light. Of course, it is a pity. Why only they and not everyone together? What specific conditions do they have? However, a fact remains a fact: On 1 January of this year all the three republics officially adopted cost accounting.

Only there is an interesting calculation in this case. After all, Estonia's budget, for example, is largely formed from the textile manufactured from Uzbek cotton and Russian flax, that is, at the expense of republics that have not changed over to cost accounting. So, perhaps it would be more correct and honest to start regional cost accounting in the country, beginning to calculate from republics that supply raw materials?

Undoubtedly, we ourselves are to blame here—we are late with our computations. After all, when did Uzbekistan begin to give serious thought to economic independence? After Estonian scientists made a report in the Department of Economics of the USSR Academy of Sciences on the subject of who feeds whom, saying that it would be better to live without dependents. What about our economists?

"Before engaging in talks about cost accounting, we must look well into our own pocket and refine, as it is now fashionable to say, our starting positions," Prof. A. Kh. Khikmatov, director of the Institute of Economics of the UzSSR Academy of Sciences, member of the Commission on the Realization of Economic Reform on the Basis of Expansion of the Republic's Sovereign Rights, Self-Management, and Self-Financing, believes. "The Estonians' report greatly affected us at that time. We decided to look closely into our own pocket. Since 1987 we have been developing with initiative a concept for the transition to economic independence. I would like to specify: It is only a matter of this, not of cost accounting as such and even not of its model. A full and comprehensive cost accounting of the republic's national economy is extremely intensive and multifaceted work. After all, the question is not only of 'republic-center' interrelations, which in itself is quite complex with the prolonged close integration of the Union economy. There are a number of other, no less acute, problems."

Talking to Aman Khikmatovich and Doctor of Economic Sciences P. Kh. Nasyrov, his colleague in the republic's government commission, I became increasingly astonished by the neglect of mutual settlements in the country. Under present conditions of the endless shortage it is impossible to introduce full cost accounting at one enterprise without robbing the neighbor. It is thousands of times more difficult to introduce cost accounting in one republic without having an understanding of property, price formation in the country, the demographic and ecological situation, interrelations of local soviets and sectorial command, and so forth, because the scale of the shortage also increases. I was especially surprised to hear that at the height of the general enthusiasm for regional independence the republic's academic institute is developing its concept on... a voluntary basis, because the Union's Academy of Sciences finances its permanent work. The republic's Council of Ministers acts here more as a latch.

Here is the first pre-cost-accounting problem. It turns out that the USSR Academy of Sciences, having heard the concepts and models of the people of the Baltic republics at one time, did not consider it necessary to enable other republics and regions to develop their version and their models. However, no matter how the republic loads scientific research institutes of applied specialization subordinate to it, it is impossible to do without serious theoretical developments on a Union scale. Otherwise, a repetition of the Baltic syndrome—counting only in one's own money box—is inevitable.

However, let us turn to "our own pocket." Uzbekistan's raw material base is still quite strong. It makes no sense to enumerate its mineral resources, although, to be sure, the republic's wealth consists not only of them. For example, it also lies in tourism. It is well known that 24 hours spent by a foreign tourist in our land cost him somewhere between 35 to 40 foreign currency rubles. However, it is not known where this currency accumulates. In any event, it is not in the republic, because we do not get it even from the sale of cotton fiber abroad.

In general, a curious picture in the mutual relations of republics and oblast is revealed. Everyone complains that the center robs it (everyone's own center). And the center endlessly complains about the shortage of funds. But where do hundreds of billions of rubles go? "They go back to you in the form of social assistance, medical services, and city cleaning," a Union minister once said on television. What a strong sphere of services should there be in the Union! Have you come across it?...

In Uzbekistan today about 45 percent of the population lives on less than the officially recognized living wage of 78 rubles. We are second in poverty in the country. In Tajikistan the situation is even worse. And no Union subsidies make the difference here. They cannot make it as long as the real possibility for the region's economic independence has not been calculated.

Yes, our situation is aggravated by the large number of unemployed people. With the existing rates of population growth and the unreadiness of cities to receive the vast army of young people and to provide everyday services and work for them they will not become fewer in the very future. The quality of our personnel, on whom, in principle, the quality of produced products and, consequently, competitiveness on the internal Union (not to mention world) market depend, is a separate serious problem. However, these are, so to say, our internal problems, of which economists of some republics, which live quite well in the "friendly family," are very afraid. Talks about the fact that they do not want to pay for the solution of someone else's problems will not stop so long as we do not precisely and clearly understand how these problems are "someone else's." Both we and they will have to understand this.

Now it makes no sense to be interested in who is to blame for the disproportional development of republics. Nothing will be found out. It remains a fact that, possessing sufficiently developed production, republics dispose of only 5 percent of the country's total industrial output. However, payments from the profit of enterprises of Union subordination to the budgets of republics, where they are located and whose natural and labor resources they use, make up only 2 percent, that is, any republic or region, essentially, is excluded from the management system.

The existence of only vertical ties with sectorial and territorial departments without taking into consideration the interests of the region itself, with the bare

declarative nature of the rights of local management bodies not backed by economic methods of effect, has led to a distortion. After all, the same "state order" for cotton growing is the right of control on the part of appropriate ministries over the allocation and use of certain funds and assets and, consequently, again there is a subordination of resources. And when this state order is a 100-percent one, how is the region independent if it is not even informed about to which consumer and at what prices its products are delivered? There can be no talk of direct contracts here.

On the other hand, where is the guarantee that, abandoning the dictate of the center, we will not create (or preserve) for oblasts the dictate of the republic, for rayons the dictate of the oblast, and so forth? An efficient mechanism does not yet exist here. So, is regional cost accounting not a myth?

"We still are only approaching it," says Pulat Khayrullayevich Nasyrov. "The establishment of Uzbekistan's economic independence is the first step. I think that during this five-year plan the transition to republic independence would be possible—true, under certain conditions, the main one being the unlimited information, which our scientists, obviously, do not have enough of. What is next? First, within the framework of the Union it is necessary to carry out reform in the formation of prices—primarily of agricultural products—in order to know what costs what. Then many things will stand in their places. Second, an inventory of fixed capital should be taken in the republic. Today on the order of 64 billion rubles 'hang' on Uzbekistan's balance. These are old calculations. After all, in some places equipment has not been replaced since the time of its installation during the war years. We also have machine tools manufactured in 1907. Third, any cost accounting is based on the lack of a budget deficit. A special commission headed by R. A. Popov, secretary of the Central Committee of the Communist Party of Uzbekistan, deals with this matter."

Incidentally, the first steps toward independence have already been taken: Horizontal economic relations with the country's other regions—for example, with Leningrad—are being established (true, timidly). Previously this was possible only through the Union Gosplan. In general, many questions, in fact, arise. For example, whose property are enterprises of Union subordination? What should relations between the republic and the center be? When is gas the property of the republic and the gas processing industry, the property of the Union? How will the all-Union money box be formed—from part of the republic's income, or will every enterprise (when their independence is proclaimed officially) deduct money separately? Who will set the norms of deductions for the needs of the enterprise, the Union, and the republic? What percentage of the products produced in the republic should be shipped out and what should remain for one's own needs?

Why must price formation reform begin precisely from agricultural products?

There are thousands of questions. And we will not answer them today. We must firmly realize this and not be in a hurry, provoking nonsense. In recent years there has been sufficient tension in the republic even without this. A cold calculation and a comprehensive study of the situation, not aggressiveness, will help us to get away from the last limit.

"Yes, we will flood Siberia with fruits and vegetables—green onions cost rubles by the piece there. We will sell cotton to Union republics when this becomes more profitable than trade with other countries." I have heard and read this more than once—and not from idle grandmothers. Unfortunately, some specialists with economic education also permit themselves to issue such maxims. Only these remarks resemble rather mercenary-minded bragging, not scientific computations. Although, seemingly, everyone understands that trade must also be conducted honestly and wisely. The economic swindling (I will not choose another word) proposed by Lithuania (with the use of someone else's raw materials at intra-Union prices and the sale of goods at contractual prices) will hardly be accepted now, including by our passionate radicals.

Moreover, who if not Uzbekistan, first of all, should see to it that these fruits and vegetables and, at the same time, meat and milk, sugar and fish, potatoes and eggs are plentiful on the internal market and on the tables of its children...

But in the meantime the capital, engaged in seemingly serious calculations, ashamed of its poverty, is changing signboards and plaques with street names for the second time. Nonsense?

At the end of last year, when they appeared in two languages, this cost the city of Tashkent 600,000 to 700,000 rubles. Not even three months have passed and there is a new change: now the signboards are only in Uzbek. And again 700,000. A total of 1.5 million right away—is this not a bit too much under the present difficult economic conditions?

And the last question to members of the government commission on the realization of economic reform.

"How is the economic independence of Uzbekistan combined with the requirements of political independence? Is the Baltic situation possible in our republic?"

"Different things should not be confused. Economic independence and political independence are not the same thing. For example, African countries, seemingly, are constitutionally independent, but, in fact, are extremely dependent on economic deliveries from other countries. At the present stage Uzbekistan simply cannot be economically independent, primarily owing to the close constant integration of republic economies. Take

the United States of America, or Indian states. Economically and even politically they are fully independent. But how they depend on each other! They cannot be torn apart. This is an objective world process. For example, a strong complex was established in our republic. It has its own cotton, its own "blue ships," its own cotton cleaning equipment, and so forth. However, it does not have its own developed processing, its own textile industry. We cannot qualitatively process approximately 10 percent of the cotton fiber left to us: We have no capital, no specialists, and no modern technology. After all, we do not live on cotton alone. We must think about independence, self-financing, and a new structure of the national economy. Ultimately, only this will pull the republic out of the clutches of poverty.

From the editorial staff:

With the publication of this material we begin the talk about the republic's economic problems. Having become convinced that cost accounting is not so simple and it is impossible to easily and one-sidedly break in an instant economic interrelations formed for decades, we will not deceive ourselves: Real flourishing will come to us not tomorrow. However, in order that it may, nevertheless, draw nearer, we must right now not only "look into our own pocket," not only count our resources, not only see to it that specific regional (demographic, ecological, interethnic, medical, educational, and so forth) problems are resolved, and not only develop a number of concepts and models depicting how we are to go on living and how we are to build our relations with other countries and republics and between oblasts and the new center, which Tashkent will become. Right now we must be able to count our money in order to learn to spend it competently and sensibly for the sake of our own well-being and not momentary whims of fashion dictating market conditions.

We invite all those interested in a discussion of the aforesaid subject to this talk.

Problems of Creating Nakhodka Free Economic Zone Discussed

904A0307A Moscow IZVESTIYA in Russian
7 Apr 90 p 2

[Article by correspondent Yu. Balakirev, from Nakhodka and Vladivostok: "The Nakhodka Version: Will We Have the First Free Economic Zone?"]

[Text] An American businessman chartered a large jet in Moscow, invited whomever he wished and freely landed at a Far East military air field. This is not stuff of science fiction but reality, the year 1990. A civil aviation Tu-154 plane was piloted by astronaut Igor Volk. In addition to millionaire Joe Ritchi, chairman of the board of the Soviet-American enterprise "Dialogue," other passengers on the plane included Petr Zrellov, "Dialogue" Moscow director general, and other experts, as well as Viktor Gerken, USSR deputy minister of automobile and agricultural machine building, and Dmitriy Lavrov,

director of the RSFSR Council of Ministers department of scientific and technological progress.

Business visitors appreciated the possibility of using the air field in the Golden Valley near Nakhodka for the development of the free economic zone. They signed an agreement with the ispolkoms of the Nakhodka city and Primorskiy kray soviets on priority areas of business cooperation: designing and building an international airport, building facilities equipped with everything foreign firms and companies need to function and developing the construction industry, infrastructure, tourism and a system for training the workforce. "Dialogue" initially intends to invest R100 million.

A year ago, in an article "Possible Addresses of Joint Venture Zones" (IZVESTIYA, No.25), we mentioned this city of 185,000 with developed industry and a convenient location on the shores of the Sea of Japan.

The first chartered flight to the Golden Valley was the real step toward the new status of the region. It would be naive to expect to attract the attention of solid partners, those who value their time, without an airport. Once this important element of infrastructure appears, the appeal of Nakhodka will increase significantly.

In the past year, nothing of course has changed in the appearance of the city. And the appearance itself cannot cause much enthusiasm in the business world, used as it is to certain living and working standards. The city is short of housing and hotels, and the service sector is dreadful. As far as the needs of the zone are concerned, the current state of Nakhodka should be put at zero. However, plans for a business center, to be built here, have already been drafted jointly with the Chinese. The largest South Korean corporation, "Hyundai," has expressed interest in joint ventures with enterprises of the timber, coal and metal industries and in building hotels and trade centers. Prospects for cooperation are brightest for the business alliance with the nearest neighbor, China.

In short, different ideas for cooperation with Pacific basin countries are being aired. Large enterprises in some oblasts and republics of our country appear willing to take a reasonable risk by investing into pioneering undertakings in Nakhodka. Volumes are accumulating on the concept of free economic zones, being written by Moscow experts on request from the region. The association for ZSP [Free Economic Zone] development has been set up in Nakhodka, headed by Igor Ustinov, director of the fishing port. They understand, too, that the country is in no position to make a generous gesture and allocate several billion rubles at once to the new undertaking. The zone itself will have to earn the funds. Far East residents think it would be possible if they could postpone repayment of fixed investment to the state and to let enterprises retain the profits and foreign currency they earn.

As Soviet economists have noted, serious foreign investors do not yet trust us. Despite interest in mutual

benefits, many are wary of our incompetence, ingrained loggerheads and inconsistency. But the main inhibiting factor is the lack of guarantees at a government level. On the one hand, exemptions decreed by the USSR Council of Ministers in December 1988 should have already been in force but, on the other, the zone itself remains outside the law: it has no legal status yet.

"A USSR Council of Ministers resolution defining general rules for establishing and functioning of the zone was needed already last year," said Sergey Shutylev, secretary of the Nakhodka party gorkom.

Incidentally, a protocol signed by Joe Ritchi in Nakhodka contains the following clause: "If during a three-month period no proposals or initiatives on implementing plans for cooperation emerge... the sides have the right to consider themselves free of obligations pertaining to the present agreement." The clock is ticking.

Editorial Comment:

So, the first free economic zone is knocking more and more insistently at our door. It is sad to realize that in this area, too, we have fallen far behind the rest of the world. For instance, there are some 200 zones in the U.S. where preferential treatment is afforded to small enterprises, helping eliminate unemployment among other things. In China, practically all the ports have become free economic zones.

It now seems that we, too, have started to act. And how. Today, some 80 proposals have come to the government from various regions on establishing free economic zones there. It is not so simple, of course. Zones must meet a whole range of requirements: they must, for instance, be located near major transportation and business activity centers and be attractive to investors in some way.

In short, only Nakhodka seems to have met these requirements thus far. The nearest Japanese port is only 17 hours away by freight boat. The region is a transit point through which passes all the Soviet trade with Pacific countries. The city and its metropolitan area offer good conditions for establishing joint enterprises in various industries and excellent natural and climatic environment. As to the population, it consists mainly of sailors and fishermen, a dynamic folk who have been around the world and know full well how people live elsewhere and what a ZSP is all about; they keep asking the question: How much longer, in creating one there, will delays continue.

Indeed, the task has dragged on too long, trying the patience of our partners and undermining their trust in this undertaking, which is so important both to them and to us. There is hope, however, that before the end of this year first practical steps will be taken. IZVESTIYA will keep its readers informed.

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Stumbling Blocks Remain In Path Of Leasing

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SSSR: SERIYA EKONOMICHESKAYA in Russian
No 2, Mar-Apr 90 pp 81-85

[Article by V.F. Vershinin: "Why Is The Lease System
Faltering?"]

[Text] *The author examines relations among participants
of the lease system and points out shortcomings in the
policy of transforming agriculture.*

In recent years in agriculture there has been no shortage of innovations in the field of labor organization and wage payment systems, something on which we placed and still place great hope, counting on a significant increase in labor productivity. It is enough to recall the litany, no-contract salary, then contract—individual, family, collective and now cooperatives and the lease system. According to official reports all of this has either been put into practice already or plans are nearing completion. But unfortunately, an adequate return from the implementation of all these forms has not occurred. The increase in production from the fields and farms is very insignificant and the situation on the shelves of food stores increasingly is causing serious concern. In addition, there has been no increase in labor productivity.

When you analyze the causes for failure, you come to the conclusion that, for example, they use the terms contract and lease to refer to things which bear no resemblance to those concepts. Thus, the majority of collectives have fallen into the contract category simply because they are using the piece-bonus wage system. But this system of payment in our country officially was instituted in 1961. That means that almost all state farms in the country have been on the contract system since that time.

The situation gets strange at times. In one of the Altay kray farms the collectives were called contract collectives because the coefficient of labor participation (KTU) was utilized there. What does that consist of? The piece-rate earnings for work completed were multiplied by one figure and then divided by the same figure. As a result, the worker received his wage according to rates, but as we see, by using the KTU.

The family contract also has been unlucky in this sense. As soon as the leadership started talking about it, certain oblasts and republics began to cite huge numbers of existing family contracts in their areas. In this category were included all individual households that were raising just one calf according to an agreement with the farm. Certain oblasts included in the family contract category all city dwellers who came to the farm for just one or two

days to pick strawberries. Also included were all pigsties and calf pens where just one or two individuals worked previously.

In the republics of Central Asia, the work unit in the sheep-raising industry to a large degree has actually been the family. All of them immediately were included in the family contract category for reporting purposes. And then from the high tribunes they cited huge numbers of family collectives, portraying them as a new phenomenon in the country which was designed to resolve the food problem. But the phenomenon is an old one, only the name is new and therefore the results are old as well.

The ink had scarcely dried on the draft law on the cooperative when reports appeared in the press about the creation in rural areas of cooperatives. However, when you find out a little more about these cooperatives, you discover that except for the new name, there's nothing resembling a cooperative there at all. There are no statutes, much less statutes approved by organs of Soviet power, no financial records, no right to hire or fire workers, their own seal, etc. Suddenly, they decided to give the name cooperative to ordinary contract collectives which are still supervised by specialists and farm managers as they were before.

The lease system also was unlucky from the very beginning. Right and left, practically any collective is referred to as a lessee or a lease contract collective. Very little time had passed since land leasing and other means of production were first mentioned and already we began to read in the press that almost all the farms of the Tselinogradskaya, Belgorodskaya and a number of other oblasts had converted to the lease contract system.

Is that even possible in such a short time? After all, a true lease involves a fundamentally different relationship between the worker, the agricultural enterprise and the state. The worker takes the means of production for a period specified in the agreement, makes lease payments for their use and then conducts business completely independently. Essentially, the lessee is a juristic person, having the same rights as the agricultural enterprise and legally able to sue for damages.

The lessee has the right to produce any type of goods, any services and to sell them at his discretion as long as he fulfills his contract obligations with the agricultural enterprise. He maintains the right to insure his property and to receive insurance compensation in case of losses to his crops, livestock, and means of production either due to unfavorable weather conditions or natural disasters. At the same time, there is no guaranteed payment for work completed. The lessee must live off his income and make rental payments each year. All of this is associated with a certain risk—it is possible to make a good living or it is possible to wind up without a salary. And that's why workers give the matter a lot of thought before converting to the lease system.

They will demand firm guarantees regarding material-technical support and liability for failing to deliver that

support. Coercive forms of conversion to the lease system are not possible. Transferring the land and other means of production to the lease system against the wishes of the workers themselves will not be successful. How were they able to convert practically entire oblasts to the lease contract system in just six months?

The answer, unfortunately, is the same. They call leases things that are not. Moreover, often the workers do not even know that they are already lessees.

What is the essence of the production-economic relations which are utilized in the oblasts mentioned above under the guise of the lease system? It is simply that contract subunits sell product to the agricultural enterprise at internal farm prices. In turn, they pay for all material resources and services that are used. The difference between the monetary payments for the goods produced and the material expenditures comprises the economic-accountable income of the contract subunit which goes toward paying the workers for their labor.

This particular system of wage payments according to economic-accountable income represents definite progress in comparison with the piece-bonus wage payment system which was used previously and which is not associated with economic accountability principles. With the new system of payment, all savings in costs as well as overspending are reflected completely in the earnings of the members of the contract collective, something which provides incentive for the rational use of resources.

The "Za Mir" collective farm in the Lithuanian SSR was the first to implement this wage payment system and has been using it since 1983. The experience of the collective farm was widely publicized in the press and was studied on location by hundreds of other farms. In 1986, on the basis of the experience of the "Za Mir" collective farm and the "Voskresenskiy" state farm near Moscow, recommendations were prepared which later became the foundation for corresponding recommendations of the USSR Gosagroprom. Nobody called this the lease contract system.

The first to do that was the "Manshuk Mamedovoy" state farm in the Kazakh SSR which followed the example of the "Za Mir" collective farm.

In the "Za Mir" collective farm, prices were established at the average level of direct costs which had developed over the previous 3-5 years. In the "Manshuk Mamedovoy" state farm in order to calculate prices, costs (direct costs) at a minimal (plan) yield and a maximum yield obtainable under existing conditions were taken. Seventy percent of the difference in costs was taken and then added to the costs at maximum yield. The sum which is obtained is the price for a centner of product.

Thirty percent of the difference between the planned and minimal costs becomes the rental payment, which is not paid to the contract collective but stays in the coffers of the state farm.

This is a mistaken interpretation of the essence of the rental payment. The latter is always calculated from surplus product and not from its cost. If we agree with such an interpretation of rental payments, then it turns out that the entire agricultural industry has been working on the lease system for a long time. After all, the practice existed previously as well in which workers were paid bonuses based on savings in direct costs or a reduction in costs of up to 25 percent in crop production and 40 percent in livestock production. Correspondingly, the remaining 75 percent in crop production and 60 percent in livestock production went toward the rental payment, since it remained in the coffers of the agricultural enterprise.

Using this approach to the lease system, a contract collective could have at its disposal 1000 or 5000 hectares of farm land. It does not reflect in any way on the amount of the rental payment. Whether he uses all the land or whether half of it lies fallow, again the amount of the rental payment does not change. And that means that workers do not orient themselves economically toward the rational use of rented resources.

The most important consideration is that the contract collective in this system receives only a portion of the state sale price for its product. Profit and expenditures for general farm and general production needs are subtracted ahead of time. In this way, workers are deprived of any opportunity to influence the size of the management apparatus of the agricultural enterprise or the expenditures associated with its maintenance.

In addition, the contract collective is deprived of the opportunity to produce goods which are not stipulated by the agreement and to sell them outside the agricultural enterprise. The collective does not have the right to expand production using its own resources or to sell its products at its own discretion.

And finally, the main point: the contract collectives, as before, are guaranteed payment for work completed at current scales and rates if it is lower than the payment for final results. In other words, the lease system is not associated with risk and the worker knows that a salary is guaranteed to him even without production, as long as the hectares are farmed.

This kind of lease system, as a rule, does not change anything in the organizational-production structure. Thus, in the same "Manshuk Mamedovoy" state farm tractor-field, brigades operate with up to 20 machine operators. Their labor during the course of the year is compensated by the piece-rate system for completed work. They work under the control of farm leaders and specialists.

Of course, the cost-conscious character of this particular wage payment system positively affects production. As a rule, material expenditures are reduced significantly, production costs are reduced and the workers' interest in the economic management of production returns. However, in order for the peasant-proprietor to make his

appearance, with whom we are linking the revolutionary transformations in providing the country with food, these particular conditions are insufficient.

Today there are only a few real lease-system collectives in agriculture. And even those have just begun operation. The "Zavorovo" collective farm in the Moskovskaya oblast, where all basic production truly has been converted to the lease system, can be added to their number.

In this state farm, two cooperatives are operating in crop production and four in livestock production and they work on the basis of the lease contract. By agreement they commit themselves to produce a certain amount of product and sell it to the state farm at state procurement prices depending on quality. Prices for unprofitable products (in particular) are established which guarantee a profit margin of 30 percent at the expense of overall farm profits.

All cooperatives make rental payments as a percentage of their economic accountable income: 50 percent in crop production and 30 percent in livestock production. Cooperatives allocate resources to maintain the state farm's management apparatus. However, they maintain only those specialists and officials whose services they use.

I think that the lease system should be structured in precisely such a direction: with firm or proportionate payments for the utilization of rented means of production; with the right to sell products at prices which guarantee a profitable operation; with the complete independence of a juristic person in conducting one's activities. In addition, the state and agricultural enterprise should not answer for the debts of the lessee, and the lessee for the debts of the agricultural enterprise and the state.

Many attempts to implement the lease system in the framework of today's collective and state farms turn out to be futile. It is possible, of course, in each concrete case to find the guilty parties which hinder the implementation of the new system. Often the main obstacle is the position of the administration which does not want to part with power and its command functions. But if the problem only boiled down to the fact that some of the farm's leaders were conservatives, then it could be resolved very easily by pushing the reactionaries off to the side. In life everything is more complicated.

The main contradiction is in the very nature of the lease system and the essence of the administrative-command system. Each is the antithesis of the other and it is essentially impossible to reconcile them and bring them together under one roof. Today's collective and state farms are the keepers of bureaucratic-authoritarian methods of management. The lease system is a time bomb which can destroy the collective-state farm system from inside. Therefore, many managers are trying to protect themselves. And the easiest method is to portray an active campaign to establish the lease system while, in fact, nothing is happening.

That is why the experience of the "Zavorovo" state farm is so valuable, as is the experience of other farms which have become unions and associations of small cooperatives. We need to take a more detailed look at that experience.

The cooperatives leased all the lands and farm units of a former state farm. The lessees have been given a great deal of independence. They hire and fire workers by themselves, have the right to open bank accounts, make agreements regarding the delivery and purchase of products and the provision of services with any organization or institution.

The former state farm, now an association, has its own statutes and is run by an elected council whose membership consists of representatives of cooperatives and the management apparatus. The association in general carries out functions associated with social, technical, domestic and cultural services for the cooperatives. The production of agricultural goods is carried out by the cooperatives without any interference by the association or other organs.

The entire management apparatus (both of the association and the cooperatives) is elected. Payment for maintaining the apparatus is made on the basis of decisions of a meeting of the cooperative and association memberships. There are no chief specialists in the farm, former advisors without rights or responsibilities. They have all joined the cooperatives. The accounting department was reduced from 11 individuals to 4. Its other employees also joined cooperatives. The economic initiative shown by both specialists and rank-and-file workers has increased significantly. The state farm increased profitability of production in one year from 34 to 45 percent.

The transformation of collective and state farms into associations of cooperatives is for the present the most likely and economically feasible way to repudiate command-bureaucratic forms of management. And apparently, this option in the near term will be predominant. However, that does not mean that we should underestimate the path of developing the individual peasant farms. In the first place, because perhaps not the majority but a significant portion of those workers who especially want to return to the land from the cities, does not want to deal with the collective and state farms. They have lost faith in them and want to farm independently. In the second place, it is simply impossible to have large-scale farms in a large number of rayons. Thirdly, those collective and state farms, including those which have been reorganized into associations of cooperatives should know that they have an alternative, that if the work and business are conducted poorly, they could be disbanded and the land turned over to the individual peasant farms.

Practical measures are being undertaken today to organize individual peasant farms based on the lease system. Thus, Agroprom in the Nechernozem zone of the RSFSR has elaborated a program of construction for the next

two years of three thousand such farms. Their construction is already underway in the Orlovskaya and Tulskaia oblasts.

However, there is an enormous distance between ideas, desires and their practical realization, as we already have seen on numerous occasions. The attitude of officials and the organs toward lessees, private farmers and individual peasant farms is still far from positive. There are still many obstacles on the path to their organization. Thus, the issue of the actual removal of lands from the collective and state farms for transfer to the individual peasant farms has not been resolved yet. There has yet to be a single example of this type of transfer.

The construction of an individual peasant farm requires considerable resources which the future farmers do not have at their disposal. The bank issues them credit with their land as collateral, which they do not even possess in such sums, or once again credit is issued through the collective and state farm.

But the construction, which the collective and state farms carry out, is oriented as before toward large-scale farms and complexes, and essentially all material and monetary resources go for this purpose. Industry does not provide delivery of all the necessary equipment for the lessees, individual peasant farms, and for the time being there is no indication that the situation will change for the better in the near future. This fact also is cause for concern. At regional conferences on agrarian problems which took place after the March CPSU Central Committee Plenum, the issue of individual peasant farms was only mentioned in passing. This concept in essence is being replaced by the concept of the "peasant farmstead," that is, the individual auxiliary farm.

Also cause for concern is the fact that the construction of individual peasant farms being conducted by Agroprom in the Nechernozem zone has been completely turned over to collective and state farms which are unlikely to take into account the interests and desires of the future individual proprietors and more than likely will in the best of cases turn them into ordinary family contract brigades within the collective and state farm.

All this gives rise to justifiable concerns over the possibility for the peasant to choose the type of farm he wishes to be a part of. We can once again end up with collective and state farms in their present form. It is impossible to counter collective and state farms with family and contract collectives. Any form of production organization must include the right to exist, and we emphasize, to exist on an equal basis. The peasant must have the opportunity to manage his farm independently, entering cooperative relationships with other production and service enterprises.

Simultaneously, we must give the rural proprietor the right to determine for himself what and how much to produce, to whom and where to sell, which kind of management organs to have above him or to have them at all. And having given him that independence, we must

introduce legislatively strict liability for work which results in losses. So that nobody has the right to mismanage.

The lease contract is only one link in the chain of reforms. Without the system as a whole, without an efficient political, legal and economic mechanism, the lease system will meet the sad fate of many innovations which were supposed to bring abundance.

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REGIONAL DEVELOPMENT

Peasant Union Becomes Active in Moldavia

Congress, Program Details Reported

904B0215A Kishinev SELSKOYE KHOZYAYSTVO
MOLDAVII in Russian No 3, Mar 90 pp 2-3

[Article by V. Pynzaru: "Good Luck, Moldavian Peasant Union!"]

[Text] The program and regulations of the Moldavian Peasant Union, which regulate and express the will, desires and interests of the republic's peasantry, were adopted on 20 January of this year during the Congress of the Moldavian Peasant Union.

At the very beginning of the congress, mention was made of the fact that new times are at hand: to live and work in a new manner, to protect one's interests in a new manner and to make a contribution towards further developing the productive forces of the countryside.

These and other noble goals were expressed in songs sung by amateur art collectives representing many villages throughout the republic, in the opening address by people's deputy P. Buburuz, in the report delivered by deputy to the USSR Supreme Soviet Kh. Andreyev and in the speeches by other delegates.

P. Buburuz stated that the new year has fine omens and that in addition to being the year of the horse it is also the year of the peasants. He thereafter wished all good luck.

But as noted during the congress, in recent years luck has added less and less to the income of the peasants and to improving their living conditions.

First of all, there has been a decline in the production rates for agricultural products. Compared to the 1976-1980 period, when the average annual rates of growth amounted to more than 4 percent, during the 1981-1985 period—1.1 percent, and in 1987—0.6 percent of the level for 1986. The situation improved somewhat in 1989, at which time the rate of growth was 4 percent of the figure for 1988. However, this was still far from the planned figure.

Secondly, the wages of Moldavian peasants is at the lowest level compared to the other republics. The peasants pay more for meat than do city-dwellers.

The peasants experience constant shortages in industrial and food goods and poor support in the form of fuel, gas and construction materials. A peasant is an obedient and patient individual who always carries out all tasks assigned to him from above.

Throughout his life, a peasant relies upon somebody to protect his interests and yet, as mentioned during the congress, the prices for agricultural products have remained stable, while those for the means of production have steadily increased. The situation has reached the point where 15 tons of wheat must be sold in order to obtain a cubic meter of timber and for one "Kirovets" machine—400 tons, and so forth. Thus the Moldavian Peasant Union appears as a democratic form for civil initiative by rural residents for the purpose of protecting the rights and interests of peasants and the entire rural population.

It is stated in the program that the SKM [Soyuz krestyan Moldavii; Moldavian Peasant Union] is a voluntary mass socio-economic and political organization, the aim of which is to strengthen the restructuring of socialist society, as started by the CPSU, based upon the principles of democracy and humanism and for the purpose of further raising the production level for agricultural products in order to supply the population fully with food products.

The union's program states that the SKM will participate actively in the political, economic and social life of Moldavia, in elections and in the formation of the republic's administrative structure.

The goal of the SKM is to create the material and spiritual prerequisites needed for improving living conditions, raising the well-being of all peasants and rural residents, implementing glasnost and democracy, establishing social justice and ensuring it by means of constitutional guarantees. Tasks in the sphere of economics occupy a central place in the CKM Program. This is only proper, since the fate of the agro-industrial complex is dependent upon the rural economy.

The SKM supports and actively promotes the republic's conversion over to economic independence and republic cost accounting and self-government. The SKM favors implementation of the radical agrarian reform and pluralism in the forms of ownership and management in agriculture and it supports the development of kolkhozes, sovkhozes, cooperatives and peasant farms. However, in all instances the peasants must be the owners of their own products and the income obtained and they must be authorized to distribute and sell them on an independent basis.

The problem of efficient use of labor resources and the problem of migration were raised during the SKM Congress. Facts were cited indicating that 21,000 individuals

took up permanent residence in the republic and became employed during 1987, while at the same time 40,000 individuals left the republic. There was still one other urgent problem—unemployment which, as mentioned during the report, affected villages, small cities and settlements to a greater degree.

Thus the following point was obviously introduced into the SKM Program: the SKM advocates the creation of new jobs, the processing of agricultural raw materials at the production sites and the revival and development of local trades.

The delegates to the SKM Congress expressed their concern regarding the mistakes and failures that had been tolerated and the inefficient use and ruthless squandering of the republic's land, as a result of which there is now only 0.4 hectares of land per resident.

In this part of the program, it is stated that the SKM categorically opposes the removal of land from agricultural use and will campaign for the efficient and effective use of agricultural lands in conformity with national traditions.

Special attention is given in the SKM Program to the social problems of rural areas. This coincides completely with the decisions handed down during the 27th Congress and the March (1989) Plenum of the CC CPSU. It cannot be otherwise. The disproportion which developed in connection with solving the social problems of rural areas must be eliminated.

In the third section of the SKM Program entitled "Tasks in the Socio-Political Sphere," it is stated that the SKM believes that solutions must be found for the social, domestic, cultural and educational problems in the rural areas during this modern stage if we are to be able to carry out the principal economic tasks, the food problem and perestroika on the whole.

The SKM demands that the republic's entire economy be directed towards satisfying the needs of the rural areas and that it pursue the goal of satisfying the interests of the peasants and placing them on the same level as manual and office workers from an economic, socio-political and legal standpoint.

The SKM condemns all lawlessness on national soil and the destruction of national culture, language and national pride and it advocates the retention and development of Moldavian culture and the culture of representatives of other nationalities who are living in the republic.

It is stated in the Regulations that the union carries out its work in conformity with the USSR Constitution, the Constitution of the Moldavian SSR and existing legislation of the USSR and the MSSR and that it operates on the basis of complete observance of the principles of glasnost and pluralism. The SKM categorically rejects and condemns all discrimination, hatred, violence and dictatorial policies.

The Regulations of the Moldavian Peasant Union consists of eight sections.

In the second section entitled "Principal Goals and Tasks," it is stated: "to furnish assistance in the preparation and adoption of legislation on land and land ownership, including life-long possession by peasants and the right to turn it over to one's heirs."

A vital task of the times is included in the Regulations—participation in improving the economic mechanism of management and the creation of favorable conditions for efficient work by kolkhozes, sovkhozes, processing enterprises, cooperatives, leasing collectives, individual leaseholders and peasant farms in developing the private plots of rural residents.

The SKM Regulations provide for the following task: any state or departmental organ must necessarily participate in the preparation and adoption of decisions affecting the interests of peasants and the entire agro-industrial complex.

An authoritative and competent committee for developing recommendations for the new organ for agricultural administration and the republic's agro-industrial complex on the whole was in operation during the period that the republic's SKM Congress was in session.

As is known, five variants for the new administrative organ were proposed during the republic conference on this problem and if there are five variants, according to the chairman of the Moldavian Council of Ministers P.A. Paskar, then one has still not been selected.

It was stated during the conference that the Agroprom-soyuz [agro-industrial union] did not cope with its assigned tasks as planned and thus this organ disappeared with the commencement of work by the new cooperative associations.

The rural areas must be aware of the amount of resources prescribed for their output and how much will actually be allocated. Indeed, for how long must they go to all levels with hands outstretched begging for assistance? What is authorized must be guaranteed and the products of the rural areas must be fully sold and processed without losses.

By way of a joke, one speaker stated that he will vote for the sixth variant for the new administrative organ, the one which includes all five of the variants, provided the organ does not make provision for the word "prohibit."

The chief concern is that there be no haste. Instead the problem should be thoroughly studied and interpreted and advice should be sought; indeed there are people who are slow to start and yet are able to think correctly.

There have been many reorganizations within the APK [agro-industrial complex].

We are handling all of this in a successful manner and yet the chief concern remains untouched, that is, the economics at the lower level. Meanwhile, the people in the various areas are living, working and awaiting intelligent decisions and changes.

In recent years, as expressed by P.A. Paskar during a conference on administrative matters, the republic's APK has not stood idle and yet it has gradually lost its status and the rates for its development have been lower than the average union rates. The causes are to be found in the economic mechanism, in which final production is neglected and thus those who work the most find themselves in the worst position. An objective need is at hand for developing further agro-industrial integration and for increasing the raw material processing volumes in the production areas. The rural areas have been given freedom and yet they are not realizing it. The kolkhozes and sovkhozes are still not using the rights that have been extended to them.

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Peasant Union Registered

904B0215B Minsk SELSKAYA GAZETA in Russian
10 Apr 90 p 1

[Registration notice: "Peasant Union"]

[Text] Kishinev, 9 April 1990. (TASS). In accordance with a decision handed down by the republic's government, the Moldavian Peasant Union has been registered. Included among the principal tasks of this new social formation—ensuring social protection for many thousands of local peasants.

In the opinion of the chairman of the union, Kh. Andreyev, this organization will make it possible to hear the voices of the peasants and to devote greater attention to solving the vital problems of the rural areas. In turn, the restoration of social justice will promote the efficient use of natural resources in the interest of satisfying more completely the food requirements of the entire population of Moldavia.

FOOD PROCESSING, DISTRIBUTION

Food Consumption Under Price Hikes, Compensation Payments Viewed

904D0167A Minsk KOMMUNIST BELORUSSII
in Russian No 6 Jun 90 pp 78-80

[Interview with Ye. O. Krylova, research scientist at the All-Union Institute of Market Conditions and Demand: "What If—?"]

[Text] *There is much talk of the shift to regulated market relations and adjustments in food prices. Unfortunately, representatives of official entities who discuss these problems in the press are reticent, to say the least. As to the television screen, one often hears from it vague hints that it would be nice to give a boost to our agricultural production and to compensate agriculture for its expenditures. Naturally, it is we consumers who should give this boost. Today we print a discussion with Ye. O. Krylova, research scientist at the All-Union Institute of Market Conditions and Demand [VNIKS].*

[Krylova] I want to cite some figures which we obtained in the course of a study. Our consumption of meat is lower than in any other Eastern European country. Even Poland, where until recently meat was rationed, is ahead of us. Moreover, VNIKS calculations suggest that the figure provided by Goskomstat [State Committee on Statistics] is exaggerated by 20-to-25 kilos. The problem is that the committee does not use the internationally accepted methodology in its calculations. It includes tails, ears, hooves, horns, etc. Our consumption figures for fish are 3.5 kilos too high, for potatoes 8 kilos, for vegetables and melons 5 kilos, and for fruit 12 kilos. Here, another little trick is used. We compute juices as fresh fruit and vegetables. It is not done according to world standards.

[Question] There is a view that our retail food prices are low.

[Krylova] That is not exactly right. Expenditures on food in our high income households amount to 30 percent of income and in low income ones to 50 percent. In Western European countries, the comparable figure was 21 percent as far back as 1986, in the U.S. 15 percent, and in Japan 20 percent. Our retirees spend on food far more than 50 percent of income. Retirees drawing the minimal pension spend some 70 percent of it on food. In other words, even with our extremely low levels of food consumption, we still spend a large portion of our incomes on food. We cannot, therefore, claim that our food prices are low.

Here are more figures. Given the salary levels, potatoes cost twice as much here as in the U.S., milk and meat approximately three times as much, and butter eight times. Even our cheapest product, bread, costs twice as much as in Canada. Sugar is 10 times more expensive than in Canada.

Among respondents, 49 percent stated that they cannot afford to buy as much food as they need, and 43 percent that if prices rose even a little they would have to curtail their food purchases. In general, only the group with incomes over R200 a month can be said to be relatively well-supplied with food. Yet, such people are an absolute minority in this country. Even this group consumes less meat than other socialist countries. As to the group with incomes below R50 a month, they consume just 1.5 kilos of meat products a month, 150 grams of butter, 300 grams of fish, 5 eggs and over 12 kilos of bread.

[Question] A month?

[Krylova] Yes. In other words, they live by bread alone. I do not understand how they even survive. Currently, the official minimum income is set at R75 rubles, but many specialists maintain that it should be 2-to-2.5 times higher.

Despite a certain nominal increase, growth rates of real wages and real incomes are falling very precipitously at this time. This is further exacerbated by shortages of food and consumer goods.

[Question] Your institute not only collects data on the situation in retail trade but analyzes it and gives forecasts as well. What if—?

[Krylova] We have developed some forecasts of what will happen if prices are raised. For instance, if the price of meat goes up 2.3 times, potatoes 3 times, vegetables 10 percent, candy 25 percent, butter 14 percent, and other food products 20 percent, demand for them will indeed fall. Demand for other goods will decline as well, with the exception of vegetable oil, which will be in more demand, as will bread products and lye soap. Real incomes of the population at large will fall, but hardest hit will be workers and office employees earning less than R150 and collective farmers earning less than R50. Some 68 million people will see their daily expenditures surpass their incomes. We now have some 15 million people who are dissaving. Tomorrow, almost 125 million will live hand to mouth. They will not have a single kopek of savings left. This is absolutely abnormal. In essence, some 70 percent of the country's population will be beyond the poverty line. In other words, they will not even have basic funds to replenish the workforce.

[Question] This will happen if the price increase comes without compensatory measures.

[Krylova] Yes, and even the Goskomtsen [State Committee on Prices] has always stated that there will be compensation. A price increase of this size will require a compensation amounting to R46 billion. Can we speak of market balance in this case? What will happen in reality? At first, demand for some goods, such as meat products, will decline. But meat will remain in short supply. The same will be true for potatoes and candy. Will this be all? Despite price increases, demand for other goods will increase. This is understandable, as man has to eat. This will happen in the first year. In the potato

market, we will return to the initial imbalance in three years. In the vegetable and dairy markets, demand will exceed supply already in the first year after prices are raised. In subsequent years, this trend will intensify. In other words, price increases with compensation will not, in our opinion, lead to a balanced market. Worse still, the number of deficit goods will increase dramatically. In short, we will return to the same market imbalance level but at a higher level of incomes and prices, and this will give a strong impetus to all inflationary processes. Market prices and prices charged by speculators will rise, too.

In addition, compensation not related to productivity growth will further cheapen labor and remove the incentive to raise productivity. Funds we could use to increase productivity will also shrink.

This is why when some economists write in their articles that we will pay full compensation to offset price increases it is, in my opinion, simply obscene. It is abundantly clear that it is impossible to compensate for price increases at the farmers market, price increases for all other types of goods and, finally, the devaluation of savings deposits which will hit the population hard. In addition, the compensation itself will be worth less. With each passing year, the sum of the compensation will have a decreasing purchasing power.

It is clear that the decline in the living standard will hurt labor productivity and production efficiency. This in turn will trigger a wave of negative consequences in the economy.

Editorial Comment. The discussion with Ye. O. Krylova took place before the shift to a regulated market economy was discussed at the USSR Supreme Soviet session.

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GOODS PRODUCTION, DISTRIBUTION

Poor Quality, High Prices of Co-Op Products Discussed

904D0165A Moscow *EKONOMIKA I ZHIZN*
in Russian No 25 Jun 90 p 13

[Article by M. Ivanova: "Price and Quality: The Scissors That Do Not Close"]

[Text] With increasing frequency we now turn to co-ops to purchase goods. Unfortunately, the price and quality of our purchases often fail to please us. The following was revealed in the course of a selective study of 90,000 families who track their expenses, conducted recently by USSR Goskomstat [State Committee for Statistics]. It turned out that many families purchased consumer goods outside the state consumer trade system. Naturally, the better the financial position of the family, the greater share in its expenditures went to such purchases. Among families with low per capita income (up to R75 a month), only one third purchased nonfood goods from individuals and co-ops. Among high income families (over R200), 60 percent patronized such vendors, accounting for almost one third of their sales. High income consumers bought mainly cultural and consumer goods, fashionable clothing and shoes.

But high prices of goods made by cooperators [members of cooperative societies] and individual entrepreneurs were often at variance with their poor quality. For instance, prices of goods made by cooperators and individuals were 1.7 times higher than state retail prices on sewn goods, and 1.9 times on knitwear. On many items, they neared import prices and on some, such as men's coats, jackets, trousers, shirts and athletic footwear, surpassed them (see table). The quality of goods produced by cooperators and individuals was not as high. The study showed that complaints about quality affected two out of every three pairs of shoes sold, and every other sewn or knitted garment.

A comparison of prices for domestic, imported and co-op and privately made goods (in rubles per item) is provided in the table.

The shortage-plagued consumer market and the frantic demand that reigns in it dampens consumer expectations concerning quality. But this will not last forever. Production and importation of goods is rising. In addition, the network of commercial stores, where people with money can purchase costly but high quality items, is growing. Competition in the consumer market will assert itself and quality will be the most attractive feature. In general, it may be time for the numerous associations, unions and various other cooperative organizations to start thinking about bolstering and raising the prestige of the cooperative trademark, which is not yet universally respected.

	Men's			Women's		
	Domestic	Imports	Co-op/Private	Domestic	Imports	Co-op/Private
Sewn Items						
—full & half-length coats	160	196	217	189	224	224
—raincoats	97	147	90	100	137	133
—jackets	71	125	132	57	99	99
—dresses	—	—	—	23	52	55
—suits	102	139	105	53	88	64

	Men's			Women's		
	Domestic	Imports	Co-op/Private	Domestic	Imports	Co-op/Private
—trousers	29	57	64	30	67	56
—skirts	—	—	—	28	46	39
—shirts, blouses	12	15	22	17	31	27
shoes, per pair						
—boots, shoes						
—lined	32	66	68	64	105	109
—unlined	24	54	46	41	91	100
—loafers, dress shoes	26	45	42	26	45	33
—sandals, summer shoes	14	23	21	18	31	20

Transbaykal Plant Converts To Consumer Microelectronics

90UM0352A Moscow KRASNAYA ZVEZDA in Russian
4 Mar 90 First Edition p 4

[Article by I. Tsurik, "Shop in a Former Barracks"]

[Text] The first industrial lot of electronic desk clocks has been turned out at the Transbaykal Mining and Chemical Combine [GKhK] in a village of the First of May Chitinskaya Oblast. Until now such items were not produced in the region.

Even a year ago few in the oblast knew about the existence of this enterprise—it was a defense plant and was classified. The beginning conversion "declassified" the combine. A year ago, consumer wares, plastic dishes, buckets, and basins, produced in the shops of the GKhK, appeared on store shelves in Transbaykal. Then production of more serious goods was organized—equipment for milk processing. And now they have taken another step: the combine has begun to produce electronic clocks.

The new plant was set up in a former barracks. Military construction troops and security guards used to live here. After refitting and repair, new residents appeared in the spacious four-storey building, microelectronics workers.

"Our shop is still in the developmental stage," says the deputy chief of the plant, V. Gazaryan. "We have managed to set up, organize, and test only a part of the equipment, the rest is still coming. Our manning is still not complete either. Three groups of specialists are being retrained in Novosibirsk. However the job is started, and the shop is already operating. We assemble clocks from parts provided on a contract basis by the 'Adron' Production Association in Novosibirsk. Soon however, we will begin producing the microcircuits and casting the housings ourselves. Besides clocks, we plan to make parts for computer equipment. If everything goes as planned, we hope to produce goods worth at least four million rubles a year within a few years."

HOUSING, PERSONAL SERVICES

Goskomstat Data on Housing Availability Examined

904D0166A Moscow EKONOMIKA I ZHIZN
in Russian No 25 Jun 90 p 13

[Article by M. Panova: "In the Mirror of Statistics: The Waiting List Is Not Getting Shorter"]

[Text] How many people do we have on waiting lists for housing? It turns out that in the country overall, in cities and urbanized settlements, over 47 million people, or 14.3 million families and single-member households, are currently registered at local soviet ispolkoms, enterprises and organizations for improving their housing situation. According to USSR Goskomstat [Committee for Statistics] data, the total did not decline last year but increased. In 1989, 1.9 million families improved their housing conditions, but 2.2 million new families joined the queue. Waiting lists increased by 335,000 families, or by over one million people. The share of the total number of families that are on waiting lists was unchanged from the beginning to the end of 1989 and remained 23.4 percent. Almost one fourth of urban families are waiting for housing.

Who are the ones who languish on waiting lists? How quickly are they advancing to their cherished goal? The share of those who live in communal apartments and dormitories is still large, amounting to 13 percent and 14 percent of the waiting list, respectively; four percent live in houses in dilapidated or unsafe condition. The long wait for apartments is disheartening. Over 1.7 million families, or 12 percent, have been on waiting lists for over 10 years. Calculations show that those who joined the line in 1989 will be unable to improve their housing situation for eight years, and in a number of regions the wait is 10 years or longer.

It is the right place to ask whether the queue could have been moving faster. It could have been, had the builders fulfilled plans for housing construction, but this was not the case. The rate of housing construction is far from increasing. In the first quarter of 1990, only 91 percent as much housing was completed as in the first quarter of 1989.

The issue of control over distribution of housing remains on the agenda. Last year, 93 percent of distributed housing went to those on waiting lists. In addition, 144,000 other families improved their housing conditions, or 7.6 percent of the total number. The largest share of those who improved their housing conditions without being on a waiting list was, in Leningrad (42 percent), Moscow (41 percent), Riga (29 percent) and Alma-Ata (19 percent). Naturally, some housing had to go to other people besides those on waiting lists. Natural disasters and fires sometimes occur. The country now has refugees. Moreover, the military is being cut and new management structures created. But so many get housing outside the waiting list that one doubts the legitimacy of the decision in each individual case. One thinks that the new soviets of people's deputies should take a closer look at the local mores that have taken root at rayon ispolkoms and eliminate even the possibility of existing regulations being violated.

Clearly, we must also correct the situation with occupancy schedules. Houses and apartments in many cities await tenants for a long time. At the end of 1989, 2.6 million square meters of housing was unoccupied in the country overall, or 4.3 percent of the total. It is doubtful that this situation can be explained by builders still preferring to complete houses at year end. In Moscow, for instance, 189,000 square meters of housing were vacant, in Leningrad 161,000 square meters, in the UkSSR 459,000 square meters, and in the BeSSR 102,000 square meters. Eliminating these vacancies would have increased the number of new tenants by 80,000 families, or over 250,000 people.

Overall in 1989, 59 million square meters of housing got new tenants, three fourths of whom moved into newly

built houses. Families getting housing on a priority basis received 6.5 million square meters (11.1 percent), of which 1.8 million went to families of disabled veterans of the Great Patriotic War and those who have an equal status with them; around one million square meters to families of those who served in Afghanistan and those who were discharged or transferred to reserve duty, and 3.8 million square meters to families with many dependent children.

Those who got new apartments increased their housing, on average, from 5-to-7 square meters per capita to 10 square meters. This is encouraging. But it also means that we will have to revise guidelines for joining the waiting list. Currently, those who have 5-to-7 square meters per person have the right to join the waiting list for improving their housing situation. An additional 21 percent of urban families have 7-to-9 meters per person, which is also below norm.

In short, we cannot hope that the waiting list will shrink quickly. Consequently, along with increasing housing construction we need to seek actively new ways to solve the housing problem. As of now, even the ways that have previously been discovered are utilized extremely poorly. For instance, only 5.1 million square meters, or 8.6 percent of the total housing stock, belong to housing cooperatives. Very little has been done to develop private construction in cities and urbanized settlements.

In short, statistics support the view that we need a totally new approach to the entire range of housing policy issues. The USSR President's ukase "On New Approaches to Solving the Housing Problem and Measures to Implement Them in Practice" gives us hope that the waiting list will not only stop growing but will even dissolve.

Housing Occupancy, 1989

	Housing				
	To Be Occupied (Thous. Sq. Meters)	Occupied (Percent)		Remained Unoccupied	
		Total	From Waiting Lists	Thous. Sq. Meters	Percent
USSR	61,617	95.8	89.7	2,586	4.2
RSFSR	39,430	95.6	89.8	1,746	4.4
Moscow	2,657	92.9	59.8	189	7.1
Leningrad	1,328	87.9	58.9	161	12.1
UkSSR	8,429	94.6	85.9	459	5.4
BeSSR	2,639	96.2	93.2	102	3.8
UzSSR	1,916	98.2	95.8	35	1.8
KaSSR	4,177	98.0	90.1	82	2.0
GeSSR	478	95.0	89.0	24	5.0
AzSSR	753	98.5	98.4	11	1.5
LiSSR	750	96.6	87.9	25	3.4
MoSSR	552	94.2	80.9	32	5.8
LaSSR	505	94.5	76.7	28	5.5
KiSSR	408	99.7	99.7	1	0.3

Housing Occupancy, 1989 (Continued)					
	Housing				
	To Be Occupied (Thous. Sq. Meters)	Occupied (Percent)		Remained Unoccupied	
		Total	From Waiting Lists	Thous. Sq. Meters	Percent
TaSSR	399	97.7	97.8	9	2.3
ArSSR	429	96.3	95.6	16	3.7
TuSSR	345	99.7	95.9	1	0.3
EsSSR	407	96.2	92.4	15	3.8

Improved Housing Situation Among Large and Young Families in Cities and Urbanized Settlements, in Thousands						
	Families on Waiting Lists Improving Housing Conditions in 1989				Families on Waiting Lists at Jan. 1, 1990	
	Large Families	Share of Those Who Improved Their Housing Situation (Percent)	Young Families	Share of Those Who Improved Their Housing Situation (Percent)	Large Families	Young Families
USSR	84.7	4.9	144.1	8.3	619.5	1191.3
RSFSR	49.9	4.3	82.8	7.1	388.9	622.5
Moscow	1.7	3.2	1.5	2.8	10.3	10.7
Leningrad	1.0	4.0	0.003	0.01	7.3	10.9
UkSSR	10.7	4.9	18.9	8.6	101.6	260.5
BeSSR	3.3	4.3	16.8	22.1	24.1	153.5
UzSSR	4.1	9.3	4.1	9.3	19.8	15.3
KaSSR	4.8	4.9	4.5	4.6	17.7	19.7
GeSSR	0.6	5.5	0.6	5.5	6.2	3.0
AzSSR	2.0	11.1	2.3	12.8	12.3	25.2
LiSSR	0.6	3.0	5.2	26.0	1.9	32.0
MoSSR	1.1	7.3	0.3	2.0	12.0	6.6
LaSSR	0.7	5.4	0.5	3.9	6.6	6.2
KiSSR	2.2	22.0	0.6	6.0	5.3	4.0
TaSSR	1.7	14.2	1.2	10.0	5.4	4.1
ArSSR	0.8	8.0	1.8	18.0	3.6	11.5
TuSSR	1.4	14.0	3.6	36.0	12.5	24.3
EsSSR	0.8	6.2	0.9	6.9	1.6	2.9

FUELS

Readers Question Oil Policy

904E0091A Moscow *EKONOMIKA I ZHIZN*
in Russian No 15, Apr 90 p 19

[Article by Boris Rachkov, editor of the world economy and foreign economic policy department of the editorial staff of *EKONOMIKA I ZHIZN*: "Oil for Us and Our Descendants"]

[Text] *From EKONOMIKA I ZHIZN's Mail*

A. Semenov from Belgorod writes: "I consider it shameful that we, like the backward developing countries, export oil and petroleum products at low prices when at home equipment often stands idle because of their shortage."

D. Samoylov from Baku appeals to the editors: "Give the people more imported goods which there were many of in the shops until recently. Where has the foreign exchange, for which they were bought before, disappeared to?"

Boris RACHKOV, editor of the world economy and foreign economic policy department of EKONOMIKA I ZHIZN's editorial staff, answers the readers.

Having been born and brought up in a Stavropol steppe village, where the chief fuel was straw, saltwort and dung, the author of these lines from childhood regarded a piece of anthracite and a barrel of mazut with their long-lasting and hot flame with reverence. Not only did it give out warmth, but also the thought that somewhere in the bowels of the earth there lay thick seams of coal and oil, the heat from which in due time would also serve my native region. What then was my shock when at the beginning of the fifties one read in the metropolitan newspapers that while there was enough coal for the people for centuries, oil might dry up in 20 years time.

Suddenly later on one happened to find out that in 1950 the confirmed geological reserves of oil in the world (exclusive of the USSR and the people's democracies) actually were estimated at almost 10 billion tons with an annual production of half a billion tons. So much for the 20 year reserve.

But how much oil has been prospected in our country? Like information on other strategically important natural resources, we don't publish these data. But one can get an approximation from the estimates of western research services, including the CIA. In the middle of the seventies, for example, their estimate of the availability of from 8 to 12 billion tons of proven petroleum reserves in the USSR appeared. This exceeded the analogous indicator for the USA by about two times and that of Western Europe and Japan taken together by a minimum of 10 times. And it seemed natural that if they all imported oil, we, producing more than 300 million tons a year, simultaneously exported about 100 million tons.

The Rise and Fall of World Prices

The only disturbing thing was the fact that on the world market, where western monopolies, greedy for foreign raw material, held sway, a ton of our oil, as well as of Arabian, Venezuelan or Canadian oil, cost 15-20 dollars—the same as a few bottles of whiskey—right up to the beginning of the seventies. However, there was nothing to replace oil as a source of foreign exchange. Oil already brought in more than 1.5 billion foreign exchange rubles which were used to pay for the importation of types of equipment we were short of, medicines, rubber, cocoa and other goods. It was anticipated that as the domestic metal-working industry developed its competitive products and instruments would gradually reduce the share of oil and petroleum products in Soviet exports.

However, the foreign economic rate for oil jumped sharply with the energy crisis in the West in 1973-1974 and the beginning of the eighties, when an unprecedented shortage of fuel, especially oil, revealed to mankind the entire absurdity of its cheapness on the world market. The global energy convulsions, according to all the rules of the market, raised the world price for oil at first ten-fold and then even to a greater degree—up to 260-280 dollars per ton at the beginning of the eighties. This imperiously compelled the West to switch both to strict economies of fuel and to the forced development of even the very difficult to reach Alaskan and North Sea deposits. By the end of the eighties, oil had fallen in price to 110-180 dollars per ton. However, even at this price not only the developing countries but even such highly developed possessors of North Sea oil as England and Norway, consider it profitable to export oil. The former has passed Iraq in exports and the latter—Venezuela. They now export more than 120 million tons of crude oil a year from their off-shore North Sea fields.

The USSR also profited by the high market conditions. In the course of the decade and a half after the onset of the energy crisis, it doubled its own oil export—up to a peak level of 205 million tons in 1988. After this, not without the influence of a depressed market situation, it fell by 10 percent in 1989 and continues to fall. Approximately two-thirds of our export is crude oil, of which 607 million tons together with gas condensate, was produced last year.

Is it advantageous for us even now to sell our "black gold?" Sometimes one can hear the answer: if it is advantageous for the English, Norwegians and even the Canadians, also a large exporter among the developed countries, then it is also advantageous for us. There is an even more persuasive argument: a ton of Tyumen oil, for example, is purchased under a state order by our state for 23 rubles and is exported for 100 rubles, taking into account the costs of shipment to the Soviet border. If these figures are converted into dollars at the official rate, it turns out that we pay about 40 dollars for our oil and deliver it to the foreign market at nearly 160 dollars. At present our purchase price is greatly understated and

is subject to being raised with the other wholesale prices in the country. But even after a three-fold increase, for example, it will yield an appreciable export addition.

There is merely again the question: how dependable is our own supply of oil? Saudi Arabia is well off: about 23 billion tons of "black gold" have been proven in its depths which it sells more of than we do. And how is it for us?

In any case, one can amuse oneself with the fact that in 1984, the best year for us in term of prices, we received almost 31 billion rubles for domestic oil export and even after several years of declining prices had 20.7 billion rubles in 1988. All told, up to 280 billion rubles have been received in the course of the last decade and a half for oil and its products. Enormous funds! Where have they disappeared to?

By the Magic of Petrodollars

The flow of petrodollars indulged our country to the very height of the epoch of stagnation. It even, as it were, financed it and contributed to the maintenance of the illusion of universal prosperity, which in fact is still far way. Of course, it is easy to be wise after the fact but the simple lesson derived from this situation speaks for itself: one ought not to enfeeble oneself and fall into complacency even if it's raining gold.

In particular, the course that the country took at the beginning of the seventies to decisively increase the people's welfare required the forced development of the basic sectors of production capable of producing domestic equipment for the creation of new plants and factories for the production of high-quality consumer goods and food products and for the expansion of retail trade and an extensive network of modern services. However, the reportomania characteristic of that time needed instant proofs of the fact that "living has become better and gayer." And consumer goods and foodstuffs poured into the country in a unprecedented flow to the detriment of long-term industrial output. The inertia accumulated in the process proved to be fraught with negative socio-economic consequences. They were revealed with the fall of world prices for oil. It became more and more difficult to maintain enormous consumer imports with the falling earnings, whereas society had become accustomed to it and our own production for the consumer was also in a backwater.

It was precisely during the seventies that we began not occasionally but continually to import from abroad an ever increasing quantity of foodstuffs and the raw materials for their production. Judging by the data of the USSR State Committee for Statistics (Goskomstat SSSR), during the last decade and a half we imported food products and the raw material for their manufacture worth the sum total of about 150 billion rubles.

Thus, almost 450 million tons of grain were imported, which exceeds two of our own harvests; 11 million tons of meat and meat products, which is equal to two years'

state purchases from the kolkhozniks at home. And more—about 70 million tons of unrefined sugar, which corresponds to almost the four-year consumption of sugar in the country...

The import of manufactured consumer goods increased by billions of rubles a year. This would have made one glad if only our own production had not declined.

Of course, equipment was also imported, moreover also worth billions of rubles, including equipment for light and food industry enterprises, but basically not the equipment which would have permitted us to set up the production of machinery and equipment for these branches of industry.

Oil, Politics and Democracy

In the world of capital, proven reserves of oil are measured today at more than 80 billion tons, while its annual production amounts to about two billion tons. A reserve for approximately 40 years. The twice twenty years that have elapsed since 1950 have confirmed the relativity of this indicator, since more oil is continually being prospected than is being burned or processed into various useful products. It is not so much the fear of its being used up that keeps production in check as the demands of ecology and the culture of fuel consumption that has entered the blood and its economizing everywhere.

True, in the USA the overall proven amount of oil in comparison with the middle of the century simply has not increased. The United States now imports more than half of the oil it uses; 40 years ago it itself was an exporter. Political passions due to the too great oil imports are heating up in the country, since they, it is thought, will harm the national security of the USA, namely that they make the country too dependent on unstable foreign sources and hinder the thorough geological surveying and the more broad-scale development of the resources of Texas, California and other traditional oil-producing states of the country.

The positions of the oil lobby in the American congress are again becoming stronger. Little by little reminders are now being heard that by some kind of coincidence in the sixties two famous American brothers one after the other laid down their life—John Kennedy in Texas and Robert Kennedy in California—was it not because they dared to neglect the interests of domestic oil producers and wanted to throw open the doors too widely to foreign "black gold?"

Passions about oil from time to time have begun to flare up even in our country—in the press, at Congresses of People's Deputies and at conferences of writers and other cultural figures and of representatives of the public at large. However, they rage in some kind of unsubstantiated, emotional and far from strictly economic key. Some energetically advocate the thesis that in general one ought not to sell oil; they equate it with "a sell-out of

the Mother Land." Opponents more often keep silent because of the extreme unpopularity of domestic fuel and raw material exports.

Among the opponents, of course, there are those who know about our oil resources better than the CIA and on whom it really depends whether or not to sell the riches of the earth. However, for the present they are not showing their cards.

On the other side of the ocean disputing opponents operate on figures, facts, import quotas, precise forecasts for a week or a decade, evaluations of the political situation in the Persian Gulf and on Nicaraguan approaches to Venezuela. They are especially attentive to the positions of OPEC, on which price stability on the world oil market chiefly depends.

Our wranglers make do without figures and forecast estimates, without elementary foreign economic arguments. Thus, it's some kind of sack race or fight in a dark alley.

And practically none of the disputants pays attention to an obvious fact: unlike the western countries we still produce and sell on the world market little high-quality and competitive non-raw material output, and not having set up its production and having cut back the export of "black gold," we would seriously undermine our ability to utilize the advantages of the international division of labor.

If One Doesn't Sell Oil

Indeed. By suspending the export of oil and its products, we would deprive ourselves of approximately 20 billion rubles of export earnings. Correspondingly, it would reduce our ability to buy goods abroad.

What could one stop importing? Let's look at the basket of goods which in 1988 we customarily imported from abroad for an amount equal to the earnings from oil exports and which we would not be able to buy already in 1989.

The basket would include, for example, about six billion rubles' worth of machinery and equipment purchased in the West, including an increasing amount for the food, light and medical industries as well as equipment for more thorough oil refining, which will permit one to replace the crude oil in exports with more expensive products made from it. The basket would also include medicines, sanitation and hygiene items, perfume and cosmetic products worth up to two billion rubles; railroad freight and passenger cars and motor buses worth approximately the same amount; clothing and linen worth 2.7 billion rubles. And of course, 35 million tons of grain, more than four million tons of unrefined sugar, 720,000 tons of meat and meat products and almost a million tons of fresh fruits and berries—all this for the sum total of more than five billion rubles. And what is more, one can include in the same basket furniture worth half a billion rubles, half a million tape-recorders and

radio-tape recorder combinations, 110,000 sewing machines, and more than 300,000 baby carriages. One can also add 310,000 tons of tea, coffee and cocoa, 55 billion cigarets...

Can one thus, by having given up without ceremony the export of oil, deprive oneself of all this that has become so customary. Deprive the economy, men and women, old men and children? It would be good to instruct the people's deputies and the specialists to thoroughly study our petroleum "black box" and to report their able conclusions.

There is no sense now in wasting time in useless discussions about how to build a bridge—lengthwise or crosswise. It is time for everyone, from parliamentarian and journalist to worker and kolkhoznik, to more intensively gather the materials "for the bridge." To gather from under foot in the literal sense of the word. In this case grain, meat, apples and potatoes, which we sell more of from the field to the counter to the table than is imported from abroad. In this case equipment worth billions of foreign exchange rubles which rusts and is looted while waiting to be installed.

Finally, every year we burn without benefit, misappropriate and simply pour out onto the ground up to 40 million tons of fuel and lubricants. But when there are stoppages with them the majority of us direct our anger not to the suppression of our own bad management and slipshodness, but against oil exports, demanding almost the "dekulakization" of this most well-adjusted and far from unprofitable sector of the interaction of the USSR with the world economy.

It aided us in a period when we would have begun to live beyond our means. It aids us even now when we at home are working still worse than our "black gold" works for us on the international market.

Gossnab Official on Impending Gasoline Shortage

904E0091B Moscow TRUD in Russian 8 Apr 90 p 1

[Interviews with V. G. Masalov, deputy chief of the petroleum products balances and wholesale trade department of USSR Gossnab, and Ye. S. Morozov, deputy chief of a balances department of USSR Gosplan, by correspondent A. Trushin: "Again a Gasoline Famine?"]

[Text] The summer season is approaching and with it also the time for holidays. Is the gasoline shortage which motorists experienced especially acutely last year to be repeated?

We directed this question to USSR Gossnab and to V. Masalov, deputy chief of the petroleum products balances and wholesale trade department.

"Unfortunately, I can't promise a serious improvement," Vladimir Grigoryevich informed us. "USSR Gosplan has specified ceilings for the sale of fuels that are less than last year..."

The reason for the situation that has developed is the shortage of petroleum products. A minimum of 20 million tons of oil is needed to stabilize the situation and there is nowhere to get them.

"Was it impossible to forecast such a turn of events beforehand? Perhaps it was even worth it to begin to reduce the sale of fuel abroad. The internal market should be satisfied first of all and a new shortage not created."

"We asked USSR Gosplan to allocate 11.5 million tons of gasoline for internal consumption. Only 9.2 million was allocated."

It turns out that Gosplan is guilty. All right, let's call there.

"Who told you that," asked the indignant Ye. Morozov, deputy chief of a balances department of USSR Gosplan. It's all quite the other way around. It was USSR Gosplan that asked for 10,600,000 tons of gasoline and Gosplan didn't go for it."

"However, I can reassure the readers of your paper. The USSR Council of Ministers has now instructed that additional reserves be found and that more than a million tons above the plan be allocated for the internal market. There wasn't any shortage of petroleum products in the first quarter and there won't be in the second. It's too early to give the final figures now but there are grounds for optimism."

Unfortunately, Yevgeniy Sergeyevich, we have few grounds for optimism. You will agree that the situation is so paradoxical that one might as well put the rubric "Well, well!" in place of the rubric "A Topical Subject." Two very respectable government departments cannot agree among themselves at all and, what is more, they are not able to give realistic and honest figures.

As always, the consumer suffers from departmental confusion and the seditious thought occurs to him: are these departments really, as practice indicates, incapable of either intelligibly planning or supplying?

Oil-Gas Minister On Problems Facing Tyumen Workers

904E0098A Moscow *RABOCHAYA TRIBUNA* in Russian 25 Apr 90 p 1

[Interview with USSR Minister of Petroleum and Gas Industry Leonid Ivanovich Filimonov: "Produce Hard Currency, Not Tons: The USSR Minister of Petroleum and Gas Industry Answers RT's Questions"]

[Text] At the end of March Chairman of the USSR Council of Ministers N.I. Ryzhkov met with leaders of oil and gas industry production associations from all regions of the country. During the course of the candid and substantive exchange of opinions regarding the exacerbation of the economic situation and the growth of social difficulties, a comprehensive analysis of the situation

regarding oil and gas output was presented. The problems of the gas and oil workers were noted and will be monitored. Two days ago at a conference with the Chairman of the USSR Council of Ministers, reports from the leaders of ministries and departments were heard regarding progress on the assignments which were given after the March meeting. In the report of USSR Minister of Petroleum and Gas Industry L.I. Filimonov, it was noted that the oil workers of the Tyumenskaya oblast, the main fuel center of the country, have been experiencing especially serious difficulties.

[TRIBUNA] Leonid Ivanovich, as I understand it, the leaders of the oil industry along with L. Ryabev toured a series of northern cities. What can you say after this trip which lasted almost an entire week?

[Filimonov] To say, as was the custom previously, that I left Tyumen with a feeling of satisfaction, would not be true. The situation today facing the Siberians is not an easy one. What kind of satisfaction can the leader of an industry feel, when our main oil-producing region is having a tough time fulfilling the state order? When during every meeting in the field and at the drilling sites people cite catastrophic figures regarding the fulfillment of contract obligations by the machine builders and the manufacturers of pipe—70 percent in the best case? When the store shelves are empty?

Nonetheless, I believe that we acted correctly by choosing Siberia as the place for holding our meeting. I won't hide the fact that in Moscow they tried to talk us out of that idea; they warned that the people were bitter, that they would give us a hard time. But I figure that it's better to hear from people face to face what they think about you than to wait until they come to Moscow themselves.

Was it painful to talk with the oil workers? Yes, it was. However, I still was able to clarify one thing for myself: Thank God, we still are able to understand one another—rank and file oil workers and industry leaders.

I understand perfectly that if we don't produce 602 million tons of oil, then transportation in the country will become even more paralyzed, there will be less food, medicines and consumer goods. But robots don't produce these millions of tons. People do...people, whose abilities are not unlimited and who are also driven to a frenzy by all kinds of day-to-day hassles.

[TRIBUNA] The current situation of Minneftegazprom [Ministry of the Petroleum and Gas Industry] is similar in many ways to the situation in which the Tyumen oil workers found themselves at the end of the last five year plan. Output was also millions of tons behind schedule.

[Filimonov] But there is a significant difference. Back then forces from all over the country gathered in Siberia. Now we can't find that kind of shock worker. We can only regret that after we resolved the crisis in oil output, we allowed ourselves to relax. The style of work is the same: you fulfill the yearly and five year plans and wait

to see what the future brings. Nobody has seriously done any calculations regarding development of the industry 20 years in the future. Or, let's say it this way—has not taken seriously these calculations. As a result, we have lagged considerably behind our foreign colleagues.

[TRIBUNA] But the whole country really did help Tyumen. Just take housing construction as an example. All the republics contributed to the resolution of the housing problem of the Tyumen oil workers.

[Filimonov] We are very grateful for this to the construction workers of the Baltic republics, Transcaucasia, Kiev, Leningrad and Moscow. Only now the situation in these republics and large cities is such that working in Siberia has become like doing a favor for one's "uncle." In spite of this, it would not be out of place to say that the oil industry has invested two and one half billion rubles in the development of construction bases in the union republics and industrial centers. Yet organizations which came here to work have announced one after another their intention to return home. Their departure will set the Tyumenskaya oblast back a minimum of ten years even though our ministry is rushing the exploitation of 17 reinforced concrete factories, 11 enterprises for large-panel housing construction and 30 brick factories.

[TRIBUNA] Leonid Ivanovich, excuse me, but even at the meeting when I heard these figures, they did not sit right with me. After all, this is an entire program which the oil workers are supposed to take care of in addition to their main obligations. And then I heard that there is also a program of accelerated development of the industry's machine building...

[Filimonov] I could, of course, cite the international tendencies for large companies and concerns to broaden their areas of specialization. But the main reason for the time being is simply that there is no other alternative. Take machine building. Just because of the events in Baku, everyday we are 70-80 thousand tons of oil short. The reason for these losses is not only the frozen Azerbaijani oil fields but also a disruption in deliveries to other oil-producing regions of pumping equipment, gusher fittings and many other types of field equipment produced by local Mintyzhmash [Ministry of Heavy Machine Building] enterprises. Now we are having to accommodate the orders rapidly at our own production and repair bases.

People disagree and tell me: but who could have predicted that things in Baku would have gone so far? But the answer is that the Baku monopoly on the manufacture of many types of equipment nevertheless was bound to cause problems. We should have realized it.

In strengthening our industry machine building, we are pursuing two goals. One is to supply the most difficult-to-find products. The other is to create competition for the branches of industry devoted purely to machine building and which have a monopoly. After all, today for any cosmetic modification no matter how minor they

jack up the price to 50-100 percent higher than yesterday's price. But we can't raise our price for oil higher than 23 rubles a ton.

[TRIBUNA] In Surgut, almost everyone who spoke was outraged at the arbitrariness in price setting of cooperating industries and at the throw-away price on Soviet "black gold."

[Filimonov] The government is already reviewing our proposals on oil prices. I think that they will be straightened out or else we will arrive at the wild and internationally unprecedented situation when oil production becomes an unprofitable business. But that is really only a half-measure. After the new oil prices take the prescribed bureaucratic route through the bowels of the cooperating ministries, we will be hit with another price hike on materials and equipment.

The fundamental solution to the problem is in assimilating world-level oil extraction technology and in mastering the new economic way of thinking. We must become merchants and businessmen in the positive sense both here at home and abroad. We must learn to extract profits where we would not even dream they could be had today.

[TRIBUNA] What specifically is being done to achieve this?

[Filimonov] We are putting a lot of faith in science. We are only just beginning to really task our scientific subdivisions. The ministry has 39 NII's [Scientific Research Institute], 13 design organizations, 10 scientific-production associations in which 150 doctors and 2600 candidates of sciences work. At the out-of-town meeting, as you remember, it was with great difficulty that we were able to learn from the leader of one of the NPO's [Scientific-Production Association] what the unit, which he headed, had been doing for four years? It turned out that they had been "studying the problem." And that cost the ministry 15 million rubles. Isn't that too long and too expensive?

Scientists complain that new designs are put away on shelves, that the machine builders won't accept orders, that there is no interest in the field in new equipment and techniques. So go out there yourselves and establish contact with the production people, with the enterprises of the cooperating industries. With the same Sumskiy association which set up something like an experimental stand in Samotlor for their still imperfect gas recovery equipment and which has been conducting this experiment for several years and costing us a lot of money.

[TRIBUNA] Speaking about the industry development strategy, you mentioned the new economic way of thinking. What is meant by this?

[Filimonov] For many years we were spoiled, to put it mildly, by abundant opportunities. Now we are paying for that. Technological losses last year of oil, for example, comprised almost 3.4 million tons, which is

equivalent to the annual output of the "Saratovneftegaz" and "Stavropolneftegaz" associations combined.

For starters we need to simply put things in order. We need to fundamentally turn our usual way of thinking upside down. First of all, we must get it into our heads once and for all that we have to produce not only tons but rubles and hard currency. It is a paradox that just like in other industries we exist on starvation rations afloat in a sea of engine fuel. And we could satisfy not only our own requirements with room to spare, but sell gasoline and diesel fuel, build in the fields relatively simple facilities for the refinement of a broad fraction of light hydrocarbon products. We extract them along with oil and often don't know what to do with them.

Additional revenues could be obtained by becoming involved in transportation and petroleum refining. And we would obtain completely unexpected products from the oil. I am not even talking about polymers. For example, the oil reserves discovered in Western Kazakhstan according to the estimates of specialists contain 75 thousand tons of vanadium.

The creation of the industry's first joint ventures with participation of western capital has begun. The investments are still small. However, negotiations with foreign companies are already underway, as well as plans for joint ventures worth hundreds of millions of dollars. For example, the development of the far-eastern shelf.

[TRIBUNA] Minneftegazprom itself is rather active abroad, isn't it?

[Filimonov] Until recently we thought the same thing from taking a glance at geography: India, Indochina, the Middle East, Cuba... The economic reform has forced us to look at this work as well in a new way. Possibly, nobody works abroad the way we do. First, our state provides the friendly country with credit without real concern about timely repayment. Then with this same money they hire our own oil industry workers. Hard currency earnings, if there are any, are collected by the Ministry of Foreign Economic Relations. Our enterprises are credited with these tons which are not important in fulfilling the industry's plan for output. For that reason, Minneftegazprom enterprises are not eager to work abroad. On the other hand, each individual specialist doesn't mind going at all. And again everything is turned upside down. Our foreign specialist is not paid for the revenues which he is able to provide but only for showing up at work.

The principles of joint ventures must be introduced into this area of the ministry's activities. Work abroad must be profitable for the state and our subdivisions.

[TRIBUNA] From our oil industry workers now you constantly hear: dollars, hard currency... Everyone is rushing to figure out how profitable the sale of oil abroad will be. They calculate a "percent" from the sale which would be enough to provide a normal life for the Tyumenskaya oblast.

[Filimonov] In theory, the oil workers should have a guaranteed income in rubles and hard currency from each ton of oil pumped into the pipeline. And that should be it. But the state can't go along with us on this because its hard currency is already assigned. Thus, a clever scale has been invented, according to which the industry receives five percent of the hard currency received from the sale of oil which it produces to satisfy its state order. For quantities between the state order level and a control figure—10 percent. Above the control figure—25 percent. You didn't understand that the first time around? But that's not all. Our enterprises initially could count on this modest stream of hard currency only on the condition that it fulfilled the entire ministry state order. However, we have subdivisions, which because of objective conditions, are doomed to a "negative" output. And if records are being kept for the whole "collective farm," then there is no reason for its neighbors to break their backs. Finally, we were successful in convincing the government to change the practice so that each enterprise had its own incentive.

[TRIBUNA] Deputy Chairman of the USSR Council of Ministers L. Ryabev said in a speech in Surgut to the participants of the meeting that it is possible that after 1991 the hard currency rates will be reviewed. True, this was one of the few promises the government made to the oil industry workers.

[Filimonov] I think that the week-long trip through the Tyumen oblast will have an effect on Lev Dimitriyevich. But right now I would like to make an appeal not so much to the government as to our cooperating industries. Don't think that I am inflating prices for the oil industry, but they truly turned out to be the base level for the entire process of perestroika. Failure in our sector will become failure along the entire front of perestroika. In my opinion, everybody understands that. But when the oil workers are fulfilling 100 percent of the state order, while the machine builders are only satisfying the plan by 70 percent, and suppliers of food tell the same Siberians that they themselves want to eat meat, then, I'm sorry, but miracles just don't happen.

Today we are like that battalion which hits the bridgehead first and has to dig in so that later the rest of the troops can pour through the breach. Earlier I spoke about our reserves, about the direction of development in the industry. We are already working on this; it's in progress. But we just need some time. So, help us to hold on.

ELECTRIC POWER GENERATION

Unified Power System Development Examined

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[Article by engineer F.Ya. Morozov and candidates of technical sciences V.V. Mogirev and M.G. Portnoy of the USSR YeES [Unified Power System] TsDU [Central Dispatching Administration] under the rubric "The 70th

Anniversary of the GOELRO [State Commission for the Electrification of Russia] Plan": "The Development of the USSR Unified Power System in the 13th Five-Year Plan"]

[Text] **Overall conception of the development of electric-power engineering.** The Unified Power System of the USSR (YeES) is a most important part of the fuel-and-power base, a centrally developed system of electric-power plants and grids united by a general technological regimen with unified operations management on a nationwide scale.

The specific features of the USSR YeES are typified by:

- the uninterrupted nature of the processes of production, distribution and consumption of electric power;
- the strict conformity (balance) of the generation and consumption of electric power at each moment in time;
- the sharply irregular nature of the consumption of electric power in daily, weekly and seasonal time intervals;
- the tight interaction, in a unified production process, of a large number of power facilities located across an enormous territory;
- the necessity of the coordinated hierarchical management of normal and emergency modes; and
- the enhanced requirements for ensuring stability and "viability."

These specific features require a specialized approach to planning the development of the USSR YeES and ensuring its reliable operation.

The restructuring of economic relations in our country, incorporation of regional economic accountability and economic autonomy for republics and oblasts and rise in the requirements for the safety and ecological cleanliness of power facilities are all leading to the necessity of substantial corrections in the basic principles and directions of development of the USSR YeES.

The problem of power conservation through structural changes in industry, the employment of power-conserving technologies and the efficient utilization of power resources is presently a major one. The rapid development of the service sectors, agriculture and the consumer sphere, where the need for electric power is far from saturation, meanwhile requires the preservation of a quite high rate of increase in electric power consumption (no less than 3-4 percent a year across the country overall). This should lead to a virtual doubling of electric power requirements in the next 15-17 years.

It is possible to ensure the necessary start-up of power capacity in the USSR YeES according to the conditions of the country's fuel-and-power equation through the

further development of nuclear-power engineering in the European part of the YeES, the Urals and the Far East, the creation and expansion of major power systems using Ekibastuz and Kansk-Achinsk coals and Tyumen gas, the development of highly economical TETss [heat and electric-power plants] and steam-gas installations using natural gas and the further utilization of renewable hydropower resources in the mountainous regions of Siberia, Central Asia and the Caucasus.

It should be noted that the further assimilation of flood-plain rivers, especially in the European part of the USSR, can only be recommended via the development of "small GESs" [hydroelectric power plants] without the construction of large reservoirs. The delay in the development of hydropower in the European part of the USSR, the rejection of the construction of a number of hydropower complexes that are part of AESs [nuclear power plants] and the conversion to a "benign" (more ecological) mode for a number of existing GESs are preserving the acuity of the problem of the flexibility of electric power plants in the daily load-management cycle even at reduced rates of nuclear-power development. The task of putting pumped-storage electric power plants and gas-turbine and steam-gas installations into service in the European part of the USSR YeES thus remains topical as before.

Concentration of power capacity. The principle of such concentration via increasing the unit capacity of power units and electric power plants has always been a fundamental one in the development of the USSR YeES, since it makes possible the a priori determination of better economic indicators for power installations.

The rise in requirements for the safety of power facilities (and especially AESs), their tightening in an ecological sense and the necessity of a power balance of regions under conditions of regional economic accountability, however, are presently imposing substantial limitations on the realization of that principle. The capacity of certain power plants will scarcely exceed 6 million kW [kilowatts] at AESs (Zaporozhye) and 6.4 million kW at TESs [thermal electric power plants] (Surgut, Nizhnivartovsk, Berezovka) in the next few years in this regard.

The problem of the power balance of regions also requires corrections under the conditions of the appearance of major fuel-and-power complexes and the transition to regional economic accountability, since it is virtually impossible and economically inexpedient to balance each power system.

The imbalance (disparity between the generation and consumption of electric power) of individual major regions in the USSR YeES overall, however, should not exceed 5-7 percent from the standpoint of reliability and "viability." The capacity shortfall of individual power centers and small power systems covered via the transmission of electric power across power grids, however, may be considerably greater at the same time.

Expansion of the high-voltage trunk transmission grids is a most important direction in the development of the USSR YeES. The current-carrying capacity of power grids of any gauge that are part of the USSR YeES, even with a balance within individual regions, should be no less than 5-7 percent of the capacity of the least of its parts sharing that gauge in order to ensure access to the capacity of major power systems, realize the impact of parallel operations and for the mutual back-up of power systems, as well as the efficient utilization of peak capacity.

The development of the 750-kV [kilovolt] grid in the western regions of the USSR and the construction of mutually redundant "wide" direct-current 1,150-kV and alternating-current 1,500-kV electrical-transmission lines from Siberia to the central regions of the country is essential in order to achieve that current-carrying capacity.

The appearance of cross ties among the remote OESs [consolidated regional power systems] in the structure of the power grids of the USSR YeES and the inadequate manageability of external power flows could make the employment of special control devices for compulsory current distribution (direct-current inserts, asynchronous electro-mechanical frequency converters, phase-inversion devices and the like) economically expedient in such cases.

The chief tasks of the development of the USSR YeES and its regions in the 13th Five-Year Plan. The size of the operational capacity reserve in the USSR YeES reached 2-3 percent in the latter years of the current five-year plan due to the considerable reduction in the rate of increase in electric power consumption and the relatively high winter temperatures during the period of passage of the annual load-curve maximum, which ensured the preservation of the frequency of the electrical current in strict conformity with the requirements of the GOST [all-union state standard] and the satisfactory (in reliability terms) electrical supply for the national economy.

The capacity start-ups at electric power plants projected for the 13th Five-Year Plan will be reduced considerably compared to prior five-year plans in connection with the sharp reduction in capital investment in new construction.

The consumption of electric power in the realms of agriculture and the services sphere will grow first and foremost according to the decisions that have been made on the re-orientation of the national economy toward the rapid development of those sectors. The power balances of the USSR YeES will be drawn down with significant limitations on increases in industrial consumption in the 13th Five-Year Plan under these conditions. One of the chief tasks for reliable electrical supply for consumers in the national economy in the period under consideration is thus the preservation of the stable frequency level that has been attained through the maintenance of the size of the operational reserve at a level of no less than 2-3

percent (a. average annual temperatures). Capacity start-ups have been cut back the most at AESs, which is sharply worsening the power balance of the European regions of the USSR YeES and requires the adoption of special measures to reduce the acuity of the shortfall in individual parts of the YeES through mutual assistance among regions.

A capacity shortfall that will reach 2.5-3 million kW by the end of the five-year plan is thus arising in the Northwest OES due to the rejection of additional start-ups of capacity at the Ignalina AES, as well as cutbacks in construction at the Minsk ATETs [nuclear heat and electric-power plant]. Since this shortfall is concentrated primarily in Belorussia, the most important task of the 13th Five-Year Plan for that region is the start-up of new capacity at TETs and the construction of 750-kV OTLs [overhead electrical-transmission lines] from the Smolensk AES to the Belorussian substation.

It will clearly not be possible, however, to compensate for the lack of additional capacity start-ups at AESs in the next few years through these measures alone.

The capacity shortfall will reach 3-4 million kW in the Ukrainian and Moldavian OESs as a result of the construction halt at the Crimean AES and reductions in the start-up of additional capacity in the South Urals system. The link between the Ukrainian OES and the Central OES must be made substantially stronger through the construction of another 750-kV transmission line in this regard. The optimal variation for the construction of this link, taking into account the export obligations of the USSR, is a 750-kV Smolensk AES-to-Kiev substation line.

The construction of the 750-kV Zaporozhye AES-to-Urals/Donbass substation-to-Donbass transmission line must be completed in 1991-92 in order to provide access to the capacity of the Zaporozhye AES and to form the principal electric-power grid for the eastern part of the OES. The Zaporozhye AES-to-Kakhovka substation 750-kV line must be built to compensate partially for the missing capacity and increase outside current transfers into the Crimea.

At the same time, the additional construction of power grids cannot entirely replace the capacity start-ups at AESs, and an acceleration of the start-up of intrinsic power sources is thus essential in the Ukraine and in the Northwest OES.

The capacity shortfall in the North Caucasus and Transcaucasus OES will be preserved at a level of 1-2 million kW over the whole course of the five-year plan as a consequence of the stoppage of the Armenian AES and the delays in start-up at the Rostov AES (no more than two power units will contribute to the power equation in 1995) even with the steady operation of the replacement power units at the Azerbaijan, Tbilisi and Razdan GRESs [state regional electric-power plants].

The timely start-up of the 500-kV Rostov AES-to-Budenovsk and Rostov AES-to-Nevinnomyssk transmission lines and an acceleration of the construction of the second 500-kV line from the Ukrainian OES on the South Donbass substation-to-Rostov route have great significance for this region.

The rejection of start-up of the fourth power unit at the Smolensk AES and the sixth power unit at the Kursk AES is increasing the capacity shortage in the Central OES to 4-5 million kW, which will lead—allowing for the shortfalls in neighboring regions—to considerable restrictions in electric power for consumers during the hours of maximum loads. The start-up of new power capacity, as well as the 500-kV Lipetsk-to-Tambov-to-Penza line and the 750-kV Vladimir-to-Mikhaylov line, are important to eliminate the greatest bottlenecks in the Central OES and the USSR YeES overall.

There will be an internal balance in the eastern regions of the European part of the USSR YeES and the Central Volga and Urals OESs if capacity of 2-3 million kW is put into service at the Balakovo and Tatar AESs. The start-up of the 800-MW [megawatt] power units at the Perm, Surgut and Nizhnevartovsk GRESs is crucial for the Urals OES.

The start-up of the 500-kV Balakovo AES-to-Penza line and completion of the 500-kV Balakovo AES-to-Uralsk-to-Karachaganak through line are essential for access to the planned capacity of the Balakovo AES.

The construction of the 1,150-kV Urals-to-Central Volga-to-Center transmission line, which along with the 1,150-kV Siberia-to-Kazakhstan-to-Urals electrical-transmission line will become the principal facility ensuring the fulfillment of the enumerated principles for the development of the USSR YeES, will be required with the attainment of the full planned capacity of the Balakovo AES and the start-up of the first power units of the Tatar AES.

The projected power-capacity start-ups at the Ekibastuz GRES-2 and a number of TETss will ensure balance within the Kazakhstan OES, basically encompassing the northern portions of it, in the 13th Five-Year Plan. The start-up of the 500-kV Ekibastuz-to-Agadyr line, being built with the overall dimensions of an 1,150-kV line, is necessary, however, to cover the growing loads of Karagandaenergo and the southern regions of Kazakhstan.

This line will also make it possible to ensure the hook-up of the Central Asian OES to parallel operations with the USSR YeES, which will be a major step in the development of the USSR YeES and raise the reliability of electric power supply for the southern power systems of Kazakhstan.

The presence of a large share of GESs—whose generation depends markedly on the natural conditions—in the structure of the power capacity of the Central Asian OES

is leading to the fact that in years when the rivers are running low, acute shortages are arising in the power balance of the association, while in the opposite case temporary surpluses of power are possible. The chief task of the region is thus the start-up of capacity at the Talimardzhan GRES.

The availability of surplus peak capacity at the GESs of Siberia and the projected capacity start-ups at the electric power plants of the KATEK [Kansk-Achinsk Fuel and Power Complex] will provide for greater stability in the power equations of the Siberian OES compared to the power equations in other regions.

The actual surpluses of peak capacity (allowing for the under-utilization of capacity at the Krasnoyarsk GES) will total about 4 million kW, and could be even more with the start-up of the Boguchany GES. The start-up of base-load capacity at the Berezovka GRES and TETs will make it possible (with the appropriate fuel allocations) to generate up to 8-10 billion kWh [kilowatt-hours] of surplus electric power at the electric power plants.

Access to the surplus capacity of the Siberian OES from the western regions is an important task in developing the basic system of the USSR YeES, taking into account the shortages in the power equation in the European part of the USSR YeES.

The start-up of the 1,150-kV Barnaul-to-Itat line and the conversion of the whole Siberia-to-Kazakhstan-to-Urals line to 1,150 kV, along with the launch of the first phase of 1,500-kV Ekibastuz-to-Tambov direct-current electrical transmission line (PPT), are envisaged for this purpose in the 13th Five-Year Plan. The 1,500-kV PPT should be extended to Itat in the future, which would make possible the maximum utilization of the possibility of both the 1,150-kV through line and the 1,500-kV PPT, as well as ensuring their mutual redundancy.

The 1,150-kV Itat-to-Kansk line (with its later extension to Bratsk) and the 500-kV line for access to the capacity of the Boguchany GES are essential to transmit surplus capacity to Itat within the Siberian OES.

The power balance of the eastern regions of the Siberian OES (Buryatia and Chita) has shaped up to have significant shortages for the years of the 13th Five-Year Plan in the face of the overall favorable power balance of the Siberian OES, and the start-up of capacity at the Kharanor GRES and the construction of the 500-kV Irkutsk-to-Gusinozersk-to-Chita and Skovorodino-to-Mogocha transmission lines thus has particular significance for supplying the consumers of those regions with electric power.

The insufficient carrying capacity of the 220-kV tractive through lines for the BAM [Baykal-Amur Mainline] and the Transsiberian Mainline, along with the late launch of the Kharanor GRES, are restraining the development of BAM electrification and not permitting the linkup of the Eastern OES with the USSR YeES in the 13th Five-Year

Plan. The level of electrical consumption in the region will thus be determined only by the capabilities of the power plants of the OES in this regard. The limited nature of the fuel-and-power resources in the kray makes the start-up of nuclear-power plants in that area essential.

Management of the operational modes of the USSR YeES. The principal distinction of the management of the USSR YeES from foreign power systems is the high degree of dispatcher centralization, in which the commands of the dispatcher at the USSR YeES TsDU that alter or restrict the utilization of electric power plants and disconnect consumers are mandatory for the personnel of all TsDUs and power systems that are part of the USSR YeES.

This situation ensures high reliability for the operation of power systems under conditions of a shortage of capacity both in individual regions and in the USSR YeES overall, the maximum utilization of the carrying capacity of links among systems, shortages of hydropower resources or fuel and the like.

The dispatcher system will face a new task with the conversion to regional economic accountability—how to back up economically the actions of a dispatcher that are detrimental to some single power system in the interests of the association overall.

Some experience in this regard has been accumulated in the OESs of the CEMA member countries. The economic system for several years was such that it was advantageous to violate the coordinated dispatcher load curve when there was a shortage of capacity in individual power systems. This led to the partial actuation of automated divider equipment (up to 60-80 times a year). Only a few operations of this equipment have occurred in the last two years since the institution of economic protection for the dispatcher load curve.

It would clearly be advisable to utilize this same principle in the conversion to regional economic accountability for the power systems in the USSR YeES.

Optimization of the power mode is presently performed according to the minimal fuel consumption at power plants, allowing for losses of electric power in the power grids. The conversion to optimization according to minimum expenditures for fuel is not yet expedient, since prices for fuel do not reflect its economic value.

The projected development of the power plants and principal power grids of the USSR YeES poses new tasks in the realm of emergency management that have especial significance. The amount of the influence of automated emergency equipment should be increased significantly in order to ensure the stability of the USSR YeES in emergency shutdowns of large capacity (power units of 1,000-1,500 MW, 1,150-kV transmission lines and 1,500-kV PPTs and the like).

The resolution of the tasks of emergency management will be accomplished basically through the further development of the principle of controlling influences that is presently being utilized successfully, i.e. the disconnection or shedding of generators in the transmission sections of the YeES and the automatic disconnection of consumers in the receiving parts.

The application of this principle, however, is restricted by the requirements for operational reliability for consumers and power plants. A number of these requirements are part of the prevailing standards. It is essential, for example, to ensure stability without the action of automated emergency devices in the normal configuration of the disconnection of any of the outgoing lines according to the norms for the technological design engineering of AESs.

International practices and the first issues of norms for technological design engineering envisage that the disconnection of any elements of the power grid in normal modes should not lead to the action of the automatic devices (the "N-1" rule). Furthermore, only those consumers that can tolerate an interruption in electrical supply for the time to restore the mode (20 minutes) can be hooked up to the SAON (special automated load-disconnect devices). These requirements have not been fully taken into account in recent years.

A most important direction in developing the basic power system of the USSR YeES should be strengthening it so that the N-1 rule is fulfilled under normal configurations and modes. The technical realization of the new automated devices is proposed to be implemented first and foremost with the aid of digital systems installed at the ODU [combined dispatcher administrations] and at major power plants.

The centralized balancing of management is being performed today with the aid of these systems. A conversion to coordinated management, which will make it possible to increase the imbalance in the controlling influences depending on the mode of the USSR YeES overall, is promising, however, according to the conditions for reducing the disconnections of consumers and generators and raising the reliability of the automatic devices. The first KSPA coordinating device has been operating successfully for several years at the TsDU of the USSR YeES.

Work will continue in the 13th Five-Year Plan to improve real-time dispatcher control and automation for the purpose of raising the reliability and economy of the power associations and the USSR YeES overall. The basic directions of that work are:

—the further development of automatic-control systems for normal and emergency modes, and the widespread utilization of minicomputer and microcomputer controllers for that purpose;

- the completion of the creation of multiple-machine systems supporting real-time operations with refined dialogue systems at all ODU's and in the majority of power systems;
- the widespread incorporation of personal computers and their linkup with the multiple-machine systems;
- the assimilation of remote-processing systems and the incorporation of subscriber stations for resolving issues in planning the modes and operations management for time-sharing;
- the organization of a unified information network for the USSR YeES and a substantial rise in the volume and reliability of remote information;
- the further development of the communications network, increase in the total length and rise in the reliability of cable and radio-relay communications lines and completion of the automation of telephone stations;
- the improvement of systems for optimizing the power mode based on a system of interconnected programs encompassing all management time levels; and
- the creation of a computer-based educational and training system for operations personnel.

Conclusion

The principal task of electric power engineering in the next 5-10 years is preserving the attained level of operational reliability of power systems and electrical supply for consumers. It is essential for this purpose:

- to start up additional capacity of no less than 5-7 million kW at TESs and AESs in the "shortage" regions of the USSR YeES each year;
- to provide for the construction of 750-kV and 500-kV transmission lines for reliable access to the capacity of AESs;
- to construct the most important 1,150-, 750- and 500-kV inter-system alternating-current lines and institute the first phase of 1,500-kV PPTs for the fullest possible flexibility of reserve capacity;
- to improve the system of economic accountability in the direction of economic protection for the dispatcher load curve;
- to develop the legal, standards and economic foundations for combining centralized dispatcher control with regional economic accountability;
- to expand the utilization of centralized and coordinated systems of emergency management to raise the carrying capacity of the basic electric-power grid of the USSR YeES and ensure its reliable operation; and
- to proceed (in the design engineering for developing the electric power grid) from the necessity of ensuring

steady access to AES capacity and the system-forming electrical-transmission lines in the principal planned modes without the action of automatic emergency devices.

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Minister Views Nuclear Fuel Industry Future

904E0110A Moscow PRAVITELSTVENNYY
VESTNIK in Russian No 15, Apr 90 pp 8-9

[Interview with USSR Minister of Nuclear Power Engineering and the Nuclear Industry Vitaliy Fedorovich Konovalov by L. Chernenko: "In the Uranium Orbit"]

[Text] *The production volume of all enterprises associated with the output of nuclear fuel and the reprocessing of uranium by-products has been reduced substantially. How will this unique capacity and the high scientific and technical potential of the sector be utilized? The minister of nuclear power engineering and the nuclear industry of the USSR, V.F. Konovalov, talks about its tasks and the directions of its further development for the first time in the press.*

[Chernenko] Vitaliy Fedorovich! A new sector has been created, as is well known, on the basis of the USSR Ministry of Medium Machine Building and the USSR Ministry of Nuclear Power. What lies behind the sign "Minsredmash"? What are they engaged in in the "closed" cities?

[Konovalov] The foundation of the sector is the major scientific and technical complexes connected by general scientific and production goals and united by basic and applied scientific-research institutes, design and planning organizations, and major industrial, construction and installation organizations, with the widely developed network of enterprises creating the essential infrastructure. The mighty scientific complex provides for the performance of basic and applied research in the realms of physics, chemistry, metallurgy and other areas of science. And society, of course, is not indifferent to how such a considerable potential is utilized and what changes will occur in the further development of the sector.

[Chernenko] What do these changes entail?

[Konovalov] The government and the country's Defense Council have made a series of decisions for the realization of the agreement to eliminate intermediate- and short-range missiles. The cutback in the defense program has led to an appreciable reduction in the production volumes of military hardware, special items and electronic systems. This has also led to a complete halt to the production of highly enriched uranium for military purposes and the stoppage of a number of operating commercial reactors. The rate of start-up of nuclear electric-power plants [AES] has been markedly reduced, and the country's power program is being reconsidered far from in favor of the use of nuclear fuel.

The sharp drop in demand for natural uranium has also led to a substantial reduction in production volumes at all enterprises in the nuclear-fuel cycle and the reprocessing of uranium by-products. And it is uranium, after all, that determines the stable financial situation of the enterprises in the sector.

It must also be noted that conversion processes at our enterprises have their own specific features. The retrofitting of capacity is very complicated for us due to the technological inertia of production. The fixed capital that is freed up moreover cannot be utilized entirely due to radioactive contamination and for a number of other reasons. And how can jobs be found for the highly skilled specialists? It is clear that people should be socially protected. Time and additional capital investment will be required to convert to the output of civilian products and consumer goods.

[Chernenko] And what steps have been undertaken under these difficult conditions in the sector?

[Konovalov] We have performed a multiple-version analysis of possible methods for augmenting productive capacity with a regard for the thrust of the existing technological potential rate of assimilation of capital investment and the capabilities of the construction-industry base. A minimum of three alternative versions for the development of the sector were considered as a result of that analysis and the most optimal one selected that provided for a high enough rate of development of production volume (149 percent) and acceptable proportionate capital investment (1.1 rubles per ruble of product). It must be noted that the share of civilian products and consumer goods will be 71 percent of the overall volume in 1995 versus 46 percent in 1990. This version also provides for high growth rates for progressive technologies oriented toward the output of scientifically sophisticated consumer goods. It is being proposed to utilize more efficiently, not just preserve, scientific and technical potential and to develop the most advanced sectors.

[Chernenko] But the nuclear industry is the main one in the sector nonetheless. How will it be developed?

[Konovalov] The traditional directions of ministry activity—work associated with ensuring the country's defensive capability, raising the safety of nuclear-power engineering and maintaining all constituent elements of the nuclear-fuel cycle at the essential level—will of course remain the most resource-intensive ones.

It should be elaborated here that the nuclear-fuel cycle, as can be seen from the diagram, includes a considerable amount of technologies and equipment. They are associated with the extraction of uranium ore and its reprocessing with the receipt of uranium concentrates. The separation of isotopes or the enrichment of uranium is an important process. The production of thermal and electric power is a special sphere. And, finally, the transport of irradiated fuel, as well as the treatment and removal of radioactive wastes and their burial.

The enterprises in the nuclear-fuel cycle thus envisage no augmentation of capacity for the production of fuel elements. Most of the ore-mining facilities should furthermore be reconfigured. A number of mining combines that are presently in operation will be converted to the output of other products by 1995. The production and consumption of uranium, including deliveries for export, should thus be balanced by 1995 as a result of the cutbacks in uranium extraction.

Principal attention during this period will be focused on improving the technology for reprocessing, fuel production, the utilization of new fuel compositions, structural materials and designs for the fuel elements in order to raise the technical and economic indicators of the new-generation reactors in operation and those being created, as well as to create a fuel that operates in stable fashion in flexible reactor modes.

[Chernenko] So then, the volume of operations in the traditional areas is being reduced. What are the alternatives? How will that be compensated for?

[Konovalov] We have been developing a minimum of ten new dedicated programs. One of them is connected with the production of promising rare-earth, non-ferrous and precious metals and items from them. The basic aim is to satisfy as much as possible the needs of the national economy for materials and compounds of high purity, intermediate products and scientifically sophisticated items. We are setting the task of developing production able to put out commodity product of almost two billion rubles a year by 1995. The development strategy for the raw-materials base of the sector is founded on the maximum utilization of the fixed productive capital of the mines, hydro-metallurgical and gas-diffusion plants that is freed up as the result of conversion. This ensures a low level of capital-intensiveness.

Tin, molybdenum and tantalum, vanadium and synthetic quartz, ion-exchange resins, various types of ceramics and other materials are all new and promising types of products. The production of scientifically sophisticated items, often without analogues in the country, is planned to be assimilated based on them. They include, by way of example, safe coolants (freons), nickel-cadmium batteries, high-powered magnets, piezoceramics, automobile exhaust-gas converters, lithium chemical current sources, superconductive materials and goods based on them.

The types of production being organized will put out products that are now being procured abroad, which will make it possible to reduce imports and economize some 250-300 million foreign-currency rubles a year by 1995. The average payback period for the expenditures will be 2.5 years. The capabilities of these technologies could be illustrated using the example of gold production. A gold-producing plant has paid for itself six times over, which testifies to the high economic efficiency of production and the necessity of the priority development of that subsector. The technology being employed for the separation of trace metals has no analogue around the world and makes it possible to include ore with a low gold content in processing.



Diagram of the nuclear-fuel cycle

Key:

1. uranium ore/ore extraction and enrichment
2. tailings dump
3. uranium plant
4. refining plant
5. waste
6. enriched uranium
7. manufacture of fuel elements and assemblies
8. fuel assemblies
9. nuclear power plant [AES]
10. system for reprocessing and compacting AES waste
11. solidified waste
12. spent AES reactor fuel
13. centralized storage in geological formations
14. intermediate storage
15. transport of non-reprocessable fuel from RBMK reactors and defective fuel assemblies
16. radiochemical reprocessing plant
17. plutonium
18. complex for the manufacture of mixed uranium-plutonium fuel and fuel assemblies
19. fuel assemblies after regeneration
20. solidification of wastes and intermediate storage
21. solidified plant wastes
22. transport of wastes
23. centralized storage in geological formations for waste burial
24. electric power for the national economy

Another important direction is connected with the development and creation of technology, equipment and production for especially pure materials, clean production accommodations and the element base for microelectronics. The choice of that direction was determined to a considerable extent by the availability of great scientific and technical potential, highly skilled personnel and the capabilities of the construction industry here. It must also be acknowledged, however, that we were also impelled toward this by the lack of an acceptable variation for satisfying the needs of sector enterprises for microelectronics, computer equipment and automation. The fact that we have a number of opportunities for the development of clean production accommodations and filtration elements for them is also important. Filters with the highest filtration factors, without analogue in the world, have been developed in the sector.

We are organizing the production of especially pure materials and special process equipment for their production and element base, including large integrated circuits and microelectronic sensors, within the framework of this program. The annual output of such products should total more than 3 billion rubles by the end of the five-year plan. Naturally, that is, if the necessary capital investments are allocated. Another important thing is that new types of production of items in microelectronics will also appear in the country, and that means that a certain amount of competition and competitiveness in this strategically important area of science and technology.

We have defined another and no less important direction. This is fiber-optic technology and service support for it. The development of scientific-production capacity in the sector for the development and output of fiber-optics is based on the application of specific sector technologies. It is planned to provide for the output of 0.5 billion rubles of finished product a year by 1995 with relatively inconsiderable capital investments. These are first and foremost integrated subscriber systems for enterprises and the public for up to one million users and measuring and information systems for nuclear power plants and power facilities. The development of the program on a nationwide scale will open up broad opportunities for a conversion to integrated communications systems that make it possible to provide for telephone installation, multi-channel television and stereo transmission and electronic mail.

[Chernenko] The work in the new areas you have been taking about will doubtless require the application of great scientific and technical potential, which is just what the sector has. But it is also well known that your ministry has also been charged with developing and manufacturing process equipment for enterprises for the processing of milk. It even seems incompatible—the complex and scientifically sophisticated products your sector produces and such technology...

[Kononov] I think that the involvement of our sector in solving these problems is entirely justified. Only a quarter of the equipment for the milk industry, after all, conforms to world technical standards. A significant number of NIIs [scientific-research institutes], KBs [design bureaus] and industrial enterprises have been brought in to this work, and considerable capital investments have been made. In developing this equipment, we are striving for a 30-40 percent reduction in its materials-intensiveness and power consumption while raising its productivity, service life and reliability. We are devoting especial attention to the utilization of fundamentally new physio-chemical processes and methods for deepening the processing of raw materials and automating technological processes.

[Chernenko] The efforts of all sectors have been mobilized today, as is well known, so as to saturate the market with consumer goods. What contribution is your ministry making to that cause? Do you have your own strategy?

[Kononov] The production of consumer goods has been defined as a priority in our sector on a par with the output of basic industrial products. The development of their production will proceed chiefly through the retrofitting of existing capacity and the creation of large-scale, specialized and highly profitable enterprises for the output of complex consumer technology utilizing the achievements of electronics, electrical technology and the results of sector scientific developments. An increase of 1.7 times in consumer-goods output compared to 1989 is being planned in 1990.

What are these goods? Our chemical production, for example, will provide cleansers and toothpaste, phosphor and plastic items, fertilizers and household chemicals. We are also organizing the production of consumer electronics, video technology, film viewers, personal computers, digital tape recorders and laser disc players. We will assimilate home security equipment for individual use, including for residential neighborhoods, apartments and dachas, and have begun the output of personal dosimeters, instruments and equipment for auto diagnostics and servicing. Our enterprises will also put out refrigerators and freezers, vacuum cleaners and washing machines, kitchen appliances and microwave ovens. We will also be producing unique medical technology.

[Chernenko] It is no secret that the program for the construction of new nuclear power plants and the expansion of operating ones is now being reviewed. Mistrust of nuclear power has grown among people since Chernobyl. What is your policy under these conditions?

[Kononov] The ministry possesses the essential scientific, technical and production potential to ensure the safe operation of operating AESs and the operational start-up of the necessary amount of new power units and creation of a new generation of AESs. The operating nuclear power plants should be used until they exhaust

the design-engineering service lives of the basic equipment of the power units with the mandatory assurance of monitoring the level of safety.

It should be noted, without going into detail on all of the measures for enhancing safety that have been developed, incorporated and continue to be incorporated at operating AES and those under construction, that inspection teams from the IAEA have acknowledged their complete conformity to international safety requirements.

The long-term development of nuclear power in our country inevitably entails the creation of a new generation of AESs for which good economic indicators, and not only enhanced reliability and safety, are typical. Work has been started to create plans for a new generation of 1,000-1,300-megawatt and 500-600-megawatt power units with improved technical and economic indicators. The safety of the new-generation AESs should be ensured not only and not so much through the insertion of the most complicated monitoring systems, automatic control, reserve power supplies and other special systems into the plans as much as through the internal safety of the reactor installations. This is a most important condition of development. The more so as our specialists have developed, planned and built one of the safest reactors in the world—the AST-500—which possesses internal self-protective properties that make the installation invulnerable in equipment failures, personnel errors and unfavorable external influences.

It is no less important to regulate the mutual relations of enterprises in the nuclear-fuel cycle with the public residing near them at the legislative level. The personal and group interests of people must be taken into account to the maximum extent therein, and a system of guarantees provided. The potential advantages of nuclear-power engineering can be realized only with the acknowledgment of those advantages by society.

[Chernenko] Vitaliy Fedorovich! What you say is convincing that the mighty potential of the sector has been directed toward serious and topical tasks. The programs are without doubt interesting. But how will they be realized?

[Konovalov] It must be taken into account first and foremost that we could not have adopted an extensive development program for the sector today if we had not had a strong construction-industry base. Considerable capital investment from various sources will of course be required. But there is another type of capital in the sector that is no less important. This is its high scientific and technical level, its traditions. It is clear that the work in progress for the future will not be created without the rapid development of basic research and promising developments, the incorporation of advanced equipment and progressive technologies. The basic approach to the resolution of practical tasks in the realm of nuclear technology and industry is the chief and distinguishing feature of the ministry that ensures their realization in

the shortest possible time. And we will thus have to improve, and not just preserve, the traditions that have taken shape in the sector.

Georgia Physics Institute Reactor Shut Down

904E0110B Tbilisi ZARYA VOSTOKA in Russian
4 Apr 90 p 3

[Interview with Georgian Academy of Sciences Mathematics and Physics Division Secretary Academician Dzhumberu Lominadze by Ketevan Amiredzhibi under the rubric "Topical Interview": "The Reactor Will Be Dismantled"]

[Text] *There was a travel session of the presidium of the Academy of Sciences of our republic with the participation of executives from the board of the the Mtskheta Society and the general public on the nuclear reactor of the Institute of Physics of the Georgian Academy of Sciences on March 29 near Mtskheta. Its aim was to make a conclusive assessment and the appropriate decision relative to the fate of the reactor. And the next day a session of the presidium of the Georgian Academy of Sciences decreed that its operation would be halted, and the corresponding steps taken for its ultimate removal from operation and dismantling.*

Our ZARYA VOSTOKA correspondent spoke with Academician Dzhumberu Lominadze, secretary of the Mathematics and Physics Department of the Georgian Academy of Sciences, on this score and asked him to answer a number of questions.

[Amiredzhibi] It is well known that the Mtskheta nuclear reactor has served, as they say, in tried-and-true fashion for a span of 30 years. Now the decision has been made to halt its operation and dismantle it...

[Lominadze] Let's take a little excursion into the history of the reactor. It entered service in 1959, and became one of the most important experimental scientific installations in Georgia—a stage of intensive research began on solid-body radiation physics, magnetic diffraction analysis and neutron-activated analysis, among others. The scientists of the Institute of Physics have developed a number of original experimental installations that make it possible to conduct research directly in the channels of the nuclear reactor at low temperatures, and it may be said that the reactor at the Institute of Physics of the Georgian Academy of Sciences has become unique, while the institute has become a leading organization in the country for radiation research.

Any installation has its lifespan, however. The nuclear reactor has been halted since January 1988 for the purpose of establishing the technical opportunities for further utilization and enhancing its safe operation (the requirements for research reactors have been increasing continuously since the Chernobyl accident). It became clear, on the basis of careful diagnostics and checking of all the vitally important assemblies of the apparatus, that the reactor still possesses a certain lifespan and could be

operated safely in the future. This lifespan, however, is limited to roughly 5-6 years, and we knew quite well that the question of stopping it would come up sooner or later.

[Amiredzhibi] But five or six years is not that short for research work. But the fate of the reactor has been decided now. What affected that?

[Lominadze] There are many factors, some of which I have already mentioned. But there is another no less important factor. People today are, in a psychological regard, especially inclined against any type of nuclear installation, and they not only can but must be understood. I and my colleagues understand very well that "radiophobia" was born in our republic long ago and has grown especially strong since the Chernobyl catastrophe. The difficult situation in our republic, public opinion—all this also played an objective role. Although I cannot fail to note here that there has never been a single instance of the appearance of the slightest emergency situation whatsoever over all the years of operation of our reactor.

[Amiredzhibi] Won't this step be reflected in future research work?

[Lominadze] It no doubt will. Research that envisages the use of the nuclear reactor has been posed quite broadly in the long-term scientific plans of the Institute of Physics. These plans will naturally have to be reconsidered.

[Amiredzhibi] The elimination of the reactor is the elimination of its personnel apparatus. What awaits these workers in the future?

[Lominadze] We have thought seriously about that. First and foremost about today. The work on removing the reactor from operation and dismantling it is a complicated and quite prolonged process. Intensive activity thus awaits the workers here. In the future these specialists, possessing high qualifications, will be used in other subdivisions of the Institute of Physics.

[Amiredzhibi] Some of the mass media have been citing seemingly indisputable facts of the ruinous effects of a reactor. What is your attitude toward these features?

[Lominadze] Features have appeared recently that contain unsubstantiated assertions on the supposedly serious negative influence of nuclear-reactor operation on the health of people and on the environment. It is naturally difficult to answer all the questions presented in these features in a newspaper interview. I feel it my duty, however, to declare that an incompetent analysis of the facts and phenomena provokes negative sentiments in the same way as the concealment of any facts associated with the operation of reactors and with activity in this area in general. Complete glasnost and absolute objectivity are needed here.

Nuclear Power Plant Safety Record Scored

904E0093A Moscow TRUD in Russian 21 Apr 90 p 4

[Interview with Yuriy Georgiyevich Vishnevskiy, director of the inspectorate of the State Committee for Safety in Industry and Atomic Power Industry at the Balakovo AES [Nuclear Electric Power Station] and people's deputy of the RSFSR, by Yu. Kazakov: "Balakovo AES: Rumors and Facts"; date of interview not specified]

[Text]

Balakovo, Saratov Oblast—Dispassionate statistics show that there were 30 unplanned—that is, emergency—shutdowns last year at the Balakovo AES. This is much more than at any other nuclear power plant in our country. On the eve of the fourth anniversary of the Chernobyl tragedy, this cannot fail to cause alarm: Is the world not expecting a similar shock in the very heart of Russia, on the banks of the mighty Volga?

This was the first question in my conversation with Yuriy Georgiyevich Vishnevskiy, director of the inspectorate of the State Committee for Safety in Industry and Atomic Power Industry at the Balakovo AES and people's deputy of the RSFSR.

[Vishnevskiy] Most people are firmly convinced that any accident at a nuclear station is similar to that of Chernobyl. But this is not the case. Our VVER-1000 reactors correspond to the technical designs that exist abroad. In contrast to the blocks at Chernobyl, everything here is inside a special protective jacket. And even in the event of the most serious accident, with the melting of the active zone, the presence of the protective jacket will make it possible to prevent radioactive discharges to the surrounding area.

There are three safety systems at the Balakovo AES, each of which is autonomous. For this reason, the project concept of the blocks themselves corresponds to international models....

[Kazakov] All of this is wonderful. The design is "at the level" and the safety systems are most reliable. But 30 unplanned shutdowns?! You must agree that this number does not elicit any special enthusiasm....

[Vishnevskiy] Let us take a closer look. What is an unplanned shutdown? The protective system came into action in 28 of the 30 cases and in half of the cases these systems were activated falsely because of the poor quality of the electrotechnical equipment. The protection is designed so that in any of the most minor defects of the equipment the system will go into action and throttle the reactor.

The other half of the shutdowns is on the conscious of the servicing personnel. Often this happened on days when they put a newcomer to work without adequate control and help and his incorrect actions led to the shutdown.

Here I must say something about one very important problem: the low level of training of personnel has to do with the fact that in the entire Soviet Union there is not a single simulator for blocks of our type! And to learn on operating equipment is far from the best solution....

[Kazakov] That is, figuratively speaking, a newcomer sits down behind the control stick of a completely up-to-date airliner with hundreds of passengers on board without receiving qualified training on land?

[Vishnevskiy] That is about right. In any Western country, before sitting down behind the control desk of a real station, the operator "plays through" on a simulator all conceivable as well as unthinkable situations that might arise in the course of the work and for this reason he will work almost automatically at the desk. Unfortunately, our personnel has been deprived of such a possibility and hence the frequent reactor shutdowns. Any shutdown leads to the depletion of resources. That is, the reactor "ages" much sooner than planned. And this means a premature major overhaul or the removal of the block from work. The cost of one block is on the order of 500 to 700 million rubles! To compare, the cost of a simulator is just one percent of that! In saving kopecks, we lose millions....

[Kazakov] By the way, about the losses. As far as I know, the first block of the station is not working now. What is the reason?

[Vishnevskiy] I have not yet told you about two other cases of shutdowns: under the instructions of our inspectorate for the performance of preventive maintenance work. One time it was necessary to go to USSR Council of Ministers to resolve the question of whether or not to shut down the block. True, this had to do not with nuclear but with fire safety and the possibility of major damage: there was a large hydrogen leak in the generator.

The other case had to do with the poor quality of the steam generators that we receive. They are intended to work for 30 years but in reality can "hold out" only one-tenth that amount of time. We also had a leak of five liters of radioactive water from the steam generators of the first block. The reactor was shut down immediately and a small hole was discovered in one heat-exchange pipe. Subsequently, there was careful supplemental monitoring of the collectors of the steam generators, in which highly sensitive instruments detected some microfissures. The decision was made to replace all the steam generators of the first block. And, to be honest, this "pleasure" was an expensive one: their replacement will cost about 20 million rubles plus another 40 million for the electric power that is not generated during the time of the shutdown and repair of the block. This is what the state has to pay for design deficiencies and the poor quality of fabrication....

[Kazakov] The construction of the fifth and sixth blocks of the station has now been stopped. Because someone once out of haste or lack of foresight selected the construction site right on the bank of the Volga and

failed to finish the project planning, it can be said that millions of rubles of the people's money have been thrown into the wind.

[Vishnevskiy] In the first place, not millions but tens of millions. About 70 million rubles have already been invested in the "frozen" construction of the fifth and sixth blocks. In addition, about 100 million rubles in the form of equipment lies rusting and deteriorating at the base. No one knows what should be done with it now. There is ashamed silence about the question of who is responsible for the loss of hundreds of millions of rubles that are so needed by poor families.

As for the choice of the site, there was no need to build such a station on the Volga.

[Kazakov] As far as I know, the last "blunder" of the project planners also cost the state a lot. I mean the uneven settling of the soil under the foundation of the operating blocks.

[Vishnevskiy] The settling of the buildings in which the reactor sections are found is indeed proceeding more rapidly than foreseen by the project plan. This frightened us a great deal, especially in the first years after construction. At that time, to level things out, it was necessary to load one side of the blocks with additional concrete girders. It was necessary to trim the tubing. And although the reactor itself will not turn over or fall through, of course, it can be said that the designers did not consider the structure of the soil....

[Kazakov] But now let us talk about the "so-called" human factor, for not even the most advanced technology will prevent a tragedy if it falls into the hands of an irresponsible person!

[Vishnevskiy] When I came to Balakovo for this position in 1985, I encountered approximately this attitude: fools write instructions and we ourselves know better what should be done. We had to fight for the observance of instructions! But then came Chernobyl, which, of course, cooled down the rashest heads. For there were even cases when the personnel, so as not to make their lives more complicated, simply turned off the block protection so that it would not begin working in "vain." There have been no such cases in the last two years.

[Kazakov] But can you guarantee this?

[Vishnevskiy] You cannot give everyone a supervisor. So that if some violator of instructions is caught in the act it is good and if he is not caught there can be violations. Our staff is five people for the entire station. Is it conceivable to watch everything?

In addition, they very simply attract away my best people to the station personnel. Their wages are higher than ours. They even offered me a position with substantially more money. This is a very serious problem. An inspector is not supposed to receive less than those whom he is inspecting. Otherwise, to put it bluntly, they

might simply "buy" him. And it is difficult to predict what a weakening of supervision can lead to.

[Kazakov] What solution do you see for the present situation?

[Vishnevskiy] A law on nuclear energy is essential. Provision must be made in it for the rights and responsibility of the operating personnel and of the workers of our supervisory committee. After all, you can no longer scare anyone with a fine of 30 rubles! It is necessary in this law to provide for "payment for risk" for the surrounding population. In my view, it is essential to lower the rates for electric power for the population living near the AES and to establish a certain percentage deduction from the profit of the station to the city budget. But the main thing is that it is necessary to have a guaranteed state insurance for each inhabitant so that in the event of an accident he will know precisely that he will receive not charity from the state but a quite definite sum.

...The conversation with Yuriy Georgiyevich Vishnevskiy produced contradictory feelings in me. On the one hand, he seemed to reassure me: a "second Chernobyl" is not foreseen in Saratov Oblast in the near future and those horrible rumors that are sometimes heard in

Saratov and its vicinity are clearly exaggerated. But why not refute them or provide an explanation in the local press? Alas, Vishnevskiy tried to publish his materials in the Balakovo city newspaper and in the oblast newspaper. But they do not accept them anywhere, referring to nebulous instructions "from above": critical materials on AES's should not be published so as not to incite "unhealthy agiotage" around the station. The opposite effect is achieved. A few days ago they called me from Penza Oblast and asked me with alarm: They say that a few days ago there was a discharge of radioactive substances at the Balakovo AES and that a cloud is already moving in the direction of Penza. Is this true? The local press is silent and therefore I want to assure the people that there were no discharges from the Balakovo AES.

On the other hand, there is not, in my opinion, any justification for complacency. For there have been cases when repair workers got drunk directly on the job. As we know, there were attempts to shut off the protection. They have not yet published the fact that in assembling one of the blocks, in transporting the vessel of the reactor, it slipped to the ground from the platform and received some damage (insignificant, to be sure). Every fact that in itself is "minor" contributes to the alarming picture of laxity and diminished labor discipline. Can it be that Chernobyl did not teach us anything?

Yanayev on Current Trade Union Issues

904F0203A Moscow TRUD in Russian
30 Jun 90 pp 1, 2

[Press conference with Gennadiy Ivanovich Yanayev, AUCCTU chairman]

[Text] A press conference was held yesterday in Moscow at the USSR Ministry of Foreign Affairs press center by G.I. Yanayev on the topic "Trade Unions and the Market Economy." We are publishing his response to a question from TRUD correspondents.

[TRUD] Gennadiy Ivanovich, 11 July marks the anniversary, in the literal sense of the word, of the beginning of the massive miner strikes. Apparently, it is possible that similar events could be repeated in some regions. How does the AUCCTU [All-Union Central Council of Trade Unions] react to the miners' demands, to the expression of distrust of the government on their part, and to the accusations of compromise against the AUCCTU? Does the AUCCTU plan to support the miners? If so, what measures are planned?

[Yanayev] How do we regard the miners' demands? We believe these demands are fair. Indeed, there are a huge number of problems in the miner collectives—economic, social, and everyday problems. The question of independence of miner enterprises has still not been resolved at the government level.

What are the miners complaining about? As far as the AUCCTU is concerned, we have fully carried out all the obligations we assumed when we signed the agreement. Our conscience is clear before the miners. As far as the accusations of compromise with the government are concerned, these are most likely emotional accusations. I understand the situation in which such statements are made; it is electrified and sometimes results in people, in a state of excitement, saying other than what actually reflects reality. I reiterate, the miners have no claims against the AUCCTU and the sector trade union as far as fulfillment of Resolution 608 is concerned.

What claims do they have against the government? The labor collectives still do not have full economic and legal independence. Unsatisfactory material and technical supply of production. Overstocking of mines, when coal is brought to the surface and rots—there are no railcars, no transport—and is not sold. The lack of real improvements in solving problems of daily life, protecting health, improving the conditions of mining towns, supplying construction and other materials, medical services, and providing the population with food productions and consumer goods. As you can see, these are problems that the government must solve.

The government's real potentialities now are based on the fact that we should live according to our means, and our means are not plenty. Therefore, in giving up something to the miners, we are forced to squeeze some other items in the state budget. Naturally, there are problems

which must be resolved immediately and problems which are in the future (taking into account our capabilities).

Therefore, in supporting the miners' demands in principle, I would like to caution the miner collectives against again swallowing the bait of irresponsible political demagogues and adventurists. I would still like for us to be able to avoid this political 24-hour strike which the miner collectives are calling for.

We think there is a possibility of achieving a solution to the problems of the miner collectives by "peaceful" means without resorting to dramatic, extreme means of struggle. Therefore, we will support in principle any just strike only if other measures have been exhausted. This involves social and labor disputes. Trade unions do not in principle support political strikes.

AUCCTU Chairman G.I. Yanayev's responses to a number of other questions follow.

Opening the press conference, G.I. Yanayev emphasized that one of the main problems on which trade unions differ with the government today is the conditions of transition to a market economy.

In all stages of developing this concept, the AUCCTU chairman noted, we have tried to "introduce" our own approach to it. We can only regret that the government has ignored many of the trade union proposals. And this resulted in forcing us to state our special opinion in the USSR Supreme Soviet, at the Presidential Council, and in the Government....

What is the trade unions' position with respect to a market economy? We believe that a transition to market relations is necessary. We are not opposed to a market. Therefore, I categorically cannot agree with certain of the mass media who charge that the AUCCTU supposedly wants to "do in" the market. No. We favor market relations because we see this as practically the only possibility we have to "pull out" our agonizing economy.

But in saying that we favor market relations, we make several stipulations. We oppose the shock therapy method. Shock therapy that may prove to be shock for the working people without the therapy does not suit us.

Considering that the transition to market relations is the most significant change in our social and political system since the 1917 revolution, G.I. Yanayev said, we demanded that this transition take place after consent by the people. This consent should be achieved by referendum. And no excuses that we have, no law which would govern holding a referendum, can be viewed seriously. It would only take a presidential decree or a Supreme Soviet resolution to hold one. We do not have the right to make any decision without consulting the people.

The government should honestly tell the people about the state of our economy. It should tell them why we are moving to market relations, what a market economy is in general, and what we expect from it in 1-2 years. The government should be just as honest about what the negative consequences will be from introducing a market economy.

The market is a hard thing, and for socially poor sections of the population it is even cruel in the transitional stage. The experience of certain countries indicates that there may be mass unemployment in the first stage of transition to a market. Our calculations show that already during the first year we will have 12 million unemployed if social safeguards are not provided.

Further, the transition to a market economy in the form in which it has been proposed will double or triple prices. If you consider that we already have in our country 60 million people living at or below the poverty level, you can imagine what the result will be of a transition to a market economy with such price increases. The biological existence of some people will practically be placed in question. That is why the trade unions categorically insist that we install sort of social shock absorbers into our system before the transition to market relations.

It is necessary, the AUCCTU chairman emphasized, that the USSR Supreme Soviet pass important laws such as the Law on Employment. Incidentally, the AUCCTU has drawn up and published in the newspaper TRUD a draft of this law. It is also being discussed in labor collectives. In accordance with this law, the state should assume the responsibility of providing a job for every person who can and wants to work. It should provide for a highly efficient system of retraining the labor force with the appropriate material guarantees.

A second, very important package of our proposals is compensation of the population's losses that may occur with unpredictable price increases. We do not have the right to leave pensioners, veterans, families with many children, low-income families, young people, and students alone to face the elements of a market economy. We believe that a minimum subsistence wage should be determined each year at negotiations between the trade unions and the government—a scientifically substantiated and realistic minimum. When they tell us that the minimum subsistence wage in the country is 70 rubles, I believe this is an attempt to profit by the most ample commodity in our country—"ear plugs." You cannot subsist on this money either in Moscow or in any other city.

We do not have the right to deceive people. We do not have the right to make a drastic decision behind the people's backs, and the trade unions must do everything they can to protect workers' standard of living. This is our opinion.

Then G.I. Yanayev answered correspondents' questions.

[POSTFAKTUM Agency] How does the AUCCTU plan to structure its relations with such organizations as the Confederation of Labor and how will the property issue be resolved here?

[Yanayev] The posing of the question itself is incorrect. We do not have AUCCTU property. There is trade union property, which was created using trade union funds. As far as relations with organizations such as the Confederation of Labor and alternative unions that are now being created are concerned, we believe that the very fact of their appearance is not dramatic. This is a natural process of development of the working-class movement in the country. Today, in conditions of a multiparty system, many parties will struggle to have mass working-class organizations, and an attempt will be made to split the trade unions. We intend to conduct a constructive dialogue with these organizations depending on their platform....

I think those proposals that are now being discussed in the labor collectives concerning the future trade union structures provide an opportunity for informal working-class organizations to find a place within the framework of that confederation of free and independent trade unions, the idea of which, I hope, the 19th Congress of Trade Unions will support. Any member organization will join the confederation completely independently and can join or withdraw at any time. Lower trade union structures will delegate their rights to the trade union center. This free, democratic principle will give us an opportunity to consolidate.

Now I will express my absolute firm conviction, based on a study of the international trade union movement. I believe that a strong, unified trade union center can protect the rights of workers most effectively. Any government will reckon with a strong, unified trade union center. If we split the trade union movement and separate it by party quarters, this will not be for the good of the working-class movement. This, I repeat, is my fundamental conviction. Although, of course, it is no use trying to force someone to like you....

[SOVETSKIYE PROFISOYUZU Magazine] In connection with the AUCCTU's position on questions of the transition to market relations, won't a situation emerge in the Supreme Soviet in which anti-trade union legislation may be passed? And a second question. Does the AUCCTU plan to defend the mass media, which has ended up in a quite difficult situation as a result of the bourgeois crisis?

[Yanayev] As far as anti-trade union legislation is concerned, we have an opportunity to prevent passage of anti-trade union laws since we have 100 USSR people's deputies. This is an effectively working faction or, more precisely, group. Although attempts are being made today to pass certain incorrect, in our opinion, laws which place the trade unions in an ambiguous position.

Attempts are being made to block passage of certain laws which would place the activities of trade unions on a legal basis.

For several months now the USSR Supreme Soviet has been considering the draft Law on Rights of Trade Unions. We drafted this law and discussed it with the government for a long time, but did not reach agreement. At that time I, as chairman of the AUCCTU, sent our version of the law with the differences indicated to the Supreme Soviet. Now this law is there, but the model work schedule of the Supreme Soviet indicates that the legislators will not begin discussion of this law until March of next year. Such a position by our parliament is causing bewilderment in the labor collectives. But we will strive for passage of this law, especially since the Supreme Soviet has to discuss the Law on Public Associations, a law which is categorically unacceptable to the trade unions, especially in the form it was presented.

As chairman of the AUCCTU, I am concerned that it was namely the trade union publications that ended up being half-way knocked out. The newspaper TRUD is not published in eight regions. Each day we receive a huge number of indignant letters. People have been deprived of the opportunity to read a working-class newspaper. What is behind this? I would like to believe that it is an objective shortage. But the working people have a right to ask the question: Why did this shortage affect namely the working-class newspaper? We have had rather harsh conversations with the government leadership concerning this, and it seems we now have managed to do something, in particular, to "dislodge" several thousand tons of paper. In the future we plan to develop our own printing base so we are not the poor relative of other publishing houses.

[PEOPLE'S DAILY WORLD (USA)] The Congress of Miners in the Donetsk Basin raised the question about distrust of the official trade union structures. What do you think about what has happened there?

[Yanayev] As far as the congress in Donetsk is concerned, you are partly correct when you say that the Central Council of Coal Industry Workers and the AUCCTU have not restored the miners' trust after the miner strike. But I do not react to the decisions of the congress in one dimension. We must work with the participants of this congress, since, it seems to me, certain political forces are now trying to use the working-class movement as a political puppet. They want these working-class movements to "ferment" on their platforms, speculating on the workers' quite natural dissatisfaction with how economic and social problems are being resolved. We are now living through a period in which the most popular thing is to hold mass rallies with shouts of "down with so and so," "retire," and so forth. All of this will pass, and the workers will understand who wants to use them and how. Therefore, it has not been decided once and for all on whom the miners will orient themselves. And we intend to fight for influence among the miners.

[GUARDIAN (Great Britain)] The Supreme Soviet passed a law prohibiting strikes in a number of sectors of industry. Do you agree with this ban? What do you think of the first secretary of the RSFSR Communist Party Central Committee?

[Yanayev] As far as the strikes are concerned, in my opinion, in any civilized country there are certain restrictions on strikes in those spheres which are associated with survival: public health, for example, and municipal services, which involves maintaining normal standards of living for people.... Therefore, there is nothing extraordinary in the fact that the Law on Procedures for Settling Collective Labor Disputes (Conflicts) specifies certain sectors in which strikes may result in disrupting the vital functions of a city, region, or the country as a whole.

As far as the listing of those sectors in which a ban on strikes has been introduced, it will be updated, just as the law itself will be updated, which, incidentally, was passed by the USSR Supreme Soviet on the initiative of the AUCCTU and which, unfortunately, is not working now. One of the problems of our parliament is that we pass laws that do not work. We do not develop a mechanism for introducing them. And the Law on Procedures for Settling Collective Labor Disputes (Conflicts) is one of those laws with is not fully working. That is why it is now necessary to amend this law.

We plan to raise this topic in the Supreme Soviet together with the government, and perhaps against the government, if it turns out that way. In order to make the law effective....

As for your other question. You know I have no special allergy to the first secretary of the RSFSR Communist Party Central Committee. I would welcome him the same as I would Comrade Polozkov or Comrade Lobov. Perhaps I would welcome Comrade Vakatin with greater personal enthusiasm. I already talked about this in one of my interviews.

I think our party is now in a situation in which it needs a strong figure, a leader who understands the situation and is capable of consolidating the party and combining the various platforms in the party. We cannot profess the principle of "all or nothing." The situation now is such that we must search for agreement and not permit a split of the party. In this case I speak with great concern about the situation in the party as a rank-and-file communist, not as AUCCTU chairman, because the party began perestroika and continues it, and the party must bear responsibility for perestroika before the people.

Draft Employment Law Published

AUCCTU Position

904F0188A Moscow TRUD in Russian 15 Jun 90 p 1

[Article by the AUCCTU Department on Questions of Protecting the Economic Rights and Interests of the Working People: "The Problem of Employment: The AUCCTU's Position"]

[Text] World experience shows that a decline in production, a reduction in employment, and the loss of a number of social gains are inevitable at least in the initial stage of the transition to a market economy. More than two million people are already looking for work in the country now. The conversion of the economy to market relations will exacerbate the situation even more.

The unencouraging forecasts associated with the government's planned transition to a regulated market economy require timely preparation of a set of protective measures which will make it possible to avoid or at least soften the negative consequences of the innovations. Trade unions advocate legislatively securing a system of social guarantees that protect the rights of Soviet people to the maximum extent, above all the right to work. And this must be done now, before the transition to market relations.

The AUCCTU, with the involvement of a number of scientists and using world practical experience and recommendations of the International Organization of Labor, has drawn up a draft Fundamentals of Legislation of the USSR and Union Republics on Employment of the Population. A distinctive feature of it is that it legislatively consolidates the active position of trade unions as a mouthpiece and protector of the interests of working people and the trade unions' involvement in developing, implementing, and monitoring measures for ensuring employment for the population. And the greatest successes here can be achieved only through dialogue between trade unions, the government, administration, and business operators. That is precisely why the draft specially emphasizes the need to use the principle of trilateral participation of the above representatives in resolving this issue.

When preparing the document, the trade unions devoted special attention to the problem of state guarantees and social protection, above all, of women with children, young people, the disabled, and persons released from places of confinement. They already are experiencing special difficulties in looking for and keeping jobs.

The draft law calls for payment of unemployment benefits. In defining their amount and terms of payment, the AUCCTU proceeded from the fact that if the state, having exhausted all possibilities, still could not provide a job for a citizen, it should ensure him normal living conditions for the period of unemployment.

Taking into account the tremendous importance of a draft law guaranteeing the population protection from the negative consequences of economic reforms, the AUCCTU considers it advisable to publish the draft so that, after extensive discussion of it, work on it can be finished and it can be submitted for consideration to the USSR Supreme Soviet.

We ask that comments and suggestions concerning the draft law be sent to the following address: 117119, Moscow, Leninskiy Prospekt, 42. Department on Questions of Protecting the Economic Rights and Interests of

the Working People. Telephone number for inquiries are: 938-84-71, 938-88-23, 938-86-22, 938-85-76, and 938-82-25.

Department on Questions of Protecting the Economic Rights and Interests of the Working People

Text of Draft Legislation

904F0188B Moscow TRUD in Russian 15 Jun 90 p 2

[Text of draft law: "Draft Fundamentals of Legislation of the USSR and Union Republics on Employment of the Population"]

[Text]

Chapter I. General Provisions

Article 1. Obligation of the State To Ensure Employment

The state ensures implementation of the rights of citizens to work secured by the USSR Constitution, including the right to free choice of profession, occupation, and work place, regardless of race, skin color, sex, religion, age, political convictions, nationality, or social origin.

Administrative coercion to perform work is not permitted in any form except in cases specified by legislation.

The state is responsible for implementing a policy of full and productive employment of the population.

Article 2. Basic Principles of the State Employment Policy

1. The employment policy is based on the priority of a working way of life of citizens and is a most important and integral part of the state social and economic policy.

2. The basic principles of the state employment policy are:

- ensuring equal opportunity for all able-bodied citizens in realizing their right to work;
- granting social guarantees in the sphere of employment and ensuring protection of citizens from unemployment;
- conducting special measures promoting employment of citizens experiencing special difficulties in finding stable work;
- combining centralized measures for resolving the most important unionwide employment problems with independence of union (autonomous) republics and ispolkoms of local soviets of people's deputies in ensuring employment of the population;

- broad involvement of USSR trade unions and associations (unions) of entrepreneurs in drawing up, implementing, and monitoring measures to ensure employment on the basis of cooperation with bodies of state administration;
- international cooperation in resolving employment problems.

Article 3. State Guarantees of the Right to Work

1. The state guarantees citizens:

- free general educational and vocational training. The procedure for granting this training is determined by the legislation of the USSR and the union (autonomous) republics;
- voluntary nature of work, in accordance with which employment is based on citizens' free expression of will;
- freedom of choice of occupation and work according to one's vocation, capabilities, vocational training, and education;
- assistance in job placement according to one's vocation, capabilities, vocational training, education, and all means available, including vocational orientation and retraining and the activities of the State Employment Service;
- providing work at enterprises and in organizations and institutions of the state sector of the economy (on the union, republic, and local levels) by creating additional jobs in the event other job placement possibilities are exhausted;
- protection against unfounded refusal of employment or firing, as well as assistance in keeping a job.

2. In the event of loss of a job, the state guarantees citizens:

- severance pay and maintenance of average wage for the period of job placement in the prescribed procedure for workers losing their full-time job at enterprises and in institutions and organizations in connection with personnel cuts, incompatibility with the position held or work performed, or upon reorganization and liquidation of enterprises, institutions, and organizations;
- free training for a new vocation or skills improvement at specialized centers of the State Employment Service or in other educational institutions with payment of a grant;
- compensation for material costs in connection with moving to another locality to a new residence and job at the direction of the State Employment Service;
- the opportunity to participate in public works and receive remuneration not less than unemployment benefits;

- payment to forcibly unemployed citizens, in the prescribed procedure, of unemployment benefits, material assistance to dependent family members, and other types of assistance;

- inclusion of the period of training, participation in public works, and also receipt of unemployment benefits in length of labor service.

Article 4. Additional Employment Guarantees

The state ensures additional guarantees to citizens experiencing difficulties in finding work and unable to compete on equal terms in the labor market, including women having underage children, young people, disabled persons, persons of preretirement age not having a job for a long period of time, persons released from places of confinement, and forced migrants, by creating additional jobs, giving incentives to employers who give employment to these citizens, organizing special training programs, and other measures.

Article 5. Employment Legislation

Employment relations in the USSR are regulated by these fundamentals and by legislative acts of the USSR and union (autonomous) republics and also collective agreements (contracts) promulgated in accordance with these fundamentals.

Chapter II. Employment of Citizens

Article 6. The Concept of Employment

Employment is a socially beneficial activity of citizens associated with satisfying personal and public needs and providing them income.

Article 7. Employed Population

The employed population includes all able-bodied citizens who:

- perform work for compensation during a full or partial workday (week);
- have a paying job, confirmed by the appropriate document, but are temporarily absent in connection with an illness, leave, skills improvement (retraining), a temporary halt of production, a strike, or other reasons;
- independently provide work for themselves (individual labor activity, including private business, work on a private subsidiary or individual peasant farm, and other types of activities);
- are serving in the military.

Article 8. Unemployed

The unemployed are considered able-bodied citizens not employed in public production and not having earnings because they are unable to find suitable work, are actually looking for work, and are registered at the State Employment Service.

The procedure for registering citizens as unemployed is determined by the legislation of the union (autonomous) republics and collective agreements (contracts), taking into account this law.

Chapter III. Regulating Employment

Article 9. Measures for Regulating Employment

1. The state employment policy is implemented by economic, organizational, and legal measures.

2. Economic measures include measures of the financial-credit, investment, and tax policy that are aimed at rational placement of productive forces, increasing mobility of workers, creating new technologies, encouraging the development of small enterprises and flexible working conditions, increasing the prestige of the service sector, and other measures helping to maintain and develop the system of jobs.

3. Organizational measures include creating the State Employment Service and forming its material, personnel, information, and financial base; improving its structure; conducting scientific research; and developing employment programs.

4. Legal measures are directed at preserving and promoting employment on the basis of safeguarding the labor rights and interests of workers, providing them guarantees, creating favorable conditions in production, and further improving labor legislation.

5. The state assists in the shaping of public opinion about the right to work as the supreme value of society and about the need to increase the competitiveness of every worker in the labor market as a most important condition of implementing the policy of full employment.

6. The measures of regulating employment that are to be used in practice are determined at the local, republic, and union levels in accordance with legislation of the USSR and union (autonomous) republics, collective agreements (contracts), and this law, taking into account the social and economic situation that has taken shape.

Article 10. Coordinating Committees for Employment Assistance

Coordinating committees for employment assistance are created for the purpose of working out coordinated decisions in the area of implementing the employment policy at the union, republic, and local levels. These committees are made up of representatives of trade unions, employer associations, and bodies of state administration. The representatives of employers and trade unions are appointed to these committees in equal numbers after coordination with the organizations they represent.

Article 11. The State Employment Service

The State Employment Service is created to implement the population employment policy and ensure citizens the appropriate guarantees throughout the USSR.

The State Employment Service accomplishes its activities at the union, republic, and local levels under the direction of the corresponding authorities in close interaction with the coordinating committees for employment assistance.

The State Employment Service provides services to the population and employers free of charge.

Article 12. Rights and Responsibilities of the Employment Service

1. It is the responsibility of the State Employment Service:

—to analyze the supply and demand of the labor force and disseminate information on the condition of the labor market;

—to keep track of available jobs and citizens consulting the service on job placement questions;

—to advise workers and managers (employers) consulting the employment service about the possibilities of obtaining work and supplying manpower, about the requirements imposed on professions, and on other questions that are useful for promoting full employment;

—to assist workers in finding suitable work and to assist employers in finding suitable workers;

—to organize vocational training, retraining, and skills improvement for citizens in the employment service system or at other educational institutions; to assist in developing and determining the content of training and retraining courses;

—to provide job placement and vocational orientation services to released workers and the unemployed population;

—to ensure registration of the unemployed and assist them within the limits of their jurisdiction, including payment of benefits;

—to organize the development of all-union, republic, oblast (krai), city, and rayon employment programs and measures for social protection of various population groups;

—to assist enterprises, organizations, and institutions in resolving matters pertaining to ensuring employment of the population.

2. The State Employment Service has the right:

—to request information from all enterprises, organizations, and institutions about their financial situation, possible liquidation (reorganization), proposed structural changes, major retooling, and other measures

that could result in the release of workers from active production, and also about the availability of jobs;

- to send citizens to all enterprises, organizations, and institutions for job placement according to their level of qualification, vocational training, and education if vacant positions are available there;
- to send to all enterprises, organizations, and institutions for job placement disabled persons, young people, women having underage children, and persons released from places of confinement, taking into account the minimum number of jobs specified for this category of worker by the local Soviet of People's Deputies;
- to organize public works, if necessary, jointly with local administration bodies and enterprises;
- to use the employment assistance fund in the prescribed manner;
- to collect fines for the employment assistance fund from enterprises for declining to place, without objective reasons, citizens sent by the employment service. The procedure and the amount of the fines are determined by legislation of the union republic.

Article 13. Participation of Enterprises in Implementing the State Employment Policy

1. Enterprises, organizations, and institutions (hereafter referred to as enterprises) accomplishing their activities on the territory of the USSR help to implement the state employment policy on the basis of:

- observing the terms of contracts (agreements) regulating labor relations in accordance with legislation of the USSR and union (autonomous) republics;
- creating conditions for vocational training, retraining, and skills improvement of workers;
- job placement, in a number determined by the local Soviet of People's Deputies, of individuals experiencing difficulties in finding work and unable to compete in the labor market on equal conditions;
- creating special jobs and working conditions for disabled persons;
- providing information on job vacancies and on possible dismissal of workers, including written justification, the number and categories of workers that may be affected, and the time period over which it is planned to be carried out. This information is provided to the State Employment Service and the trade union body for conducting consultations and taking timely measures to prevent the dismissals (or minimize them) and to lessen the unfavorable consequences of any dismissal.

2. Enterprises are obligated to create specialized jobs for disabled persons, amounting to at least 2 percent of the total number of jobs. If this requirement is not met or if

it is impossible because of production or other reasons to create jobs for disabled persons, the State Employment Service levies a fine from the enterprises in an amount equal to the average wage of enterprise workers for each job not set up. The fines collected are sent to the employment assistance fund to help in job placement of disabled persons.

Losses incurred by employers in creating additional jobs for disabled persons over and above the established minimum and also for training and retraining this category of individuals may be compensated for from the state employment fund.

3. Enterprises are obligated to give employment to individuals to whom the state grants additional guarantees of employment (women having underage children, persons of preretirement age, persons out of a job for a long period of time, persons released from places of confinement, and forced migrants), provided the existing vacancies at the enterprise and the vocational training received by these individuals correspond. The number of these individuals is determined by the soviets of people's deputies.

The USSR Council of Ministers, the soviets of people's deputies of union (autonomous) republics, and the ispolkoms of local soviets of people's deputies grant privileges on payments to the union, republic, and local budgets (right up to complete exemption from payments) for giving employment to these citizens in need of social protection.

Article 14. Organizing Public Works

On the initiative and with the participation of the employment services, local soviets of people's deputies may organize public works for the unemployed at enterprises they own and under contract at other enterprises.

A contract is concluded with persons desiring to participate in public works. The term is for up to two months with the right of extension. Persons employed in public works do not receive unemployment benefits if the wages at the new job are higher than the benefits. General social guarantees, including the right to pensions and sick pay, also apply to persons employed in public works.

The state employment services finance public works.

Article 15. The State Employment Assistance Fund

The state employment assistance fund is created at the local, republic, and union levels for the purpose of financing measures in the area of employment policy.

The state employment fund is formed by using union, republic, and local budget funds, respectively, and also by using voluntary contributions and other revenues. The size of appropriations sent from union, republic, and local budgets for forming the employment assistance funds is determined by the soviets of people's deputies during budget approval in an amount of not less than 1 percent.

The basic directions for spending the state employment fund are determined by the coordinating committees for employment assistance.

Disposition of funds of the state employment assistance fund is under the jurisdiction of the State Employment Service.

Chapter IV. Compensation for Loss of Work

Article 16. Types of Compensation

The state grants the following compensation in the prescribed manner to persons who lose their job:

- material payments in connection with moving to a different locality to a new residence and place of work at the direction of the State Employment Service;
- grants during the period of improving skills or retraining;
- unemployment benefits;
- material assistance to dependent family members of an unemployed person and other types of assistance.

Article 17. Grants During the Period of Vocational Training

Grants are paid to unemployed persons during the period of improving skills or retraining in the amount of:

- a) 100 percent of the average wage for the unemployed person's last place of work, provided he had at least 12 weeks of uninterrupted service during the 12 months prior to the start of unemployment;
- b) 100 percent of the average wage at the last place of work regardless of length of service if the loss of the job was the result of an accident at a production facility or the onset of an occupational disease;
- c) 50 percent of the average wage in the union republic for persons looking for work for the first time or who have not worked for a long period of time.

Vocational training of the unemployed is accomplished at retraining centers by the State Employment Service and at other educational institutions if:

- it is impossible to find work due to the unemployed person's lack of vocational skills;
- it is necessary to change skills because of a lack of jobs corresponding to the unemployed person's vocational skills;
- the ability to work in a former occupation has been lost.

Training and retraining of unemployed persons is conducted using funds provided for in the estimate of the employment assistance fund.

Article 18. Unemployment Benefits

1. The right to unemployment benefits is granted to able-bodied citizens from the age of 16 up to retirement age who are considered unemployed in the prescribed manner. Citizens looking for work for the first time or striving to resume working after an extended break also acquire this right.

2. Unemployment benefits are paid from the time a citizen registers as being unemployed right up until the question of job placement is resolved, but not more than 12 months.

Periods of payment of unemployment benefits may be increased to 24 months for persons of preretirement age.

3. Citizens authorized to receive unemployment benefits are guaranteed to receive payment in an amount not less than:

- a) 50 percent of the average wage for the last place of work, provided that the citizen had a paying job for at least 12 weeks during the 12 months prior to registration as unemployed. If loss of work was the result of an accident at a production facility or the onset of an occupational disease, unemployment benefits are paid regardless of length of service.

The amount of unemployment benefits must not be less than the minimum wage set by legislation of the USSR, but not higher than the average wage in the union republic.

- b) 75 percent of the minimum wage in all other cases, including citizens looking for work for the first time.

Citizens completing vocational training at educational institutions (classroom forms of instruction) and also those demobilized from the armed forces are authorized to receive benefits in the amount of half the minimum wage.

4. Payment of unemployment benefits may be suspended for a period of up to 3 months or their amount reduced if:

- a) a citizen is given severance pay and other payments associated with dismissal;
- b) dismissal from the previous job was at the person's own desire without valid reasons;
- c) dismissal was for intentional violation of labor discipline and other deliberate violations.

5. If an unemployed person turns down two offers of suitable employment in a 30-day period for no valid reason, he may be completely or partially denied unemployment benefits for up to 1 year.

6. Payment of unemployment benefits is accomplished using funds of republic and local employment assistance funds.

7. Legislation of the union (autonomous) republics and also collective contracts (agreements) may provide for an

increase in the amount of unemployment benefits and also measures for protecting workers in the event of partial unemployment and temporary suspension of production, including payment of benefits to workers with a partial workday (week) looking for a full-time job.

Article 19. Material Assistance

1. Dependent family members of an unemployed person, as well as citizens whose unemployment benefits have expired, are given material and other assistance, including subsidies for use of housing, municipal services, and public transportation.

2. The procedure and conditions of providing material and other assistance are determined by the legislation of union (autonomous) republics and collective contracts (agreements).

Article 20. Suitable Work

1. Work corresponding to the vocational training of a worker, taking into account his age, length of service and experience in the former specialty, and transportation access to the new work place, is considered suitable.

Work cannot be considered suitable if:

- it is given in an area where the housing and other living conditions are less favorable than those which a worker had before consulting the employment service;
- is a considerable distance from the worker's permanent place of residence;
- wages and other working conditions are below the average level for a given specialty (occupation);
- rejection of it is based on other grounds, in particular, the personal or family situation of workers.

2. Other criteria of suitable work which reinforce social protection of workers can be established by legislation of the union (autonomous) republics and by decision of local soviets of people's deputies.

Chapter V. Employment and Trade Unions

Article 21. Trade Union Participation in Promoting Full and Effective Employment

1. Trade unions participate in developing the state employment policy, corresponding legislative acts of the USSR and union (autonomous) republics, and decisions of local soviets of people's deputies.

2. Bodies of state administration, economic bodies, and trade unions regularly hold joint consultations on employment problems. According to their results, collective agreements (contracts) may be concluded which include measures aimed at promoting and maintaining employment, protection of workers being released and also special groups of workers, commitments on the part of bodies of state administration to provide information on the economic and financial conditions of pursuing the

employment policy, and other issues affecting the interests of workers in the area of employment.

Chapter VI. Monitoring and Liability for Violation of Employment Legislation

Article 22. Verification of Implementation of Employment Legislation

State verification of compliance with employment legislation is accomplished by:

- the USSR procurator general and procurators subordinate to him;
- soviets of people's deputies and the State Employment Service;
- trade unions, as well as the legal inspectorate of labor under their authority.

Article 23. Right To Appeal Incompetent Actions of the State Employment Service

Citizens have the right to appeal incompetent actions by employment service workers to the higher body, as well as through the courts in the procedure established by legislation.

Article 24. Liability for Violation of Employment Legislation

Legislation of the USSR and union (autonomous) republics may establish disciplinary, material, administrative, or criminal liability for violation of employment legislation.

Association of Socialist Trade Unions' Activities Examined

904F0143A Moscow TRUD in Russian 24 Apr 90 p 2

[Article by F. Yemchenko: "Where the 'Socialist Trade Union Association' Leaders are Taking Us"]

[Text] In response to numerous requests by our readers, we are speaking today about a new public movement in our country—the "socialist trade union association."

In order to indicate right away the direction the discussion will take, I will cite a few lines from the document distributed by the coordinating council of the "socialist trade union association."

"Each of the trade unions in the association has its own tasks and problems. The trade union of industrial workers and engineers (!—author) is not only being created to solve labor disputes with the administration over setting norms and pay rates or raising salaries to keep up with inflation. It is also intended to resolve non-production-related problems of providing union members with quality foodstuffs and industrial goods for minimum (!) and market (!?) prices, building housing, organizing satisfactory leave time, and providing to equitable social security."

One must admit that such a program looks very attractive in its apparent, officially announced form. I should think so! It would seem that one need only join "Sotsprof" [socialist trade union association] and one is all but guaranteed food and shelter...

"The association will operate fully as a *khozraschet* [economic accountability] organization (this already seems to be beyond the province of trade unions—author)," the "Sotsprof" platform continues. "Wholesale purchases of goods, buildings, hotels, and services from cooperatives and peasants will give 'Sotsprof' members the opportunity of enjoying them all at considerably reduced prices."

An acquaintance of mine, upon reading this "address to our compatriots" sadly shook his head.

He said, "Even Manilov, to the extent that he can be called a visionary, fell to thinking now and again: but will this business serve the future interests of Russia?"

Frankly speaking, at that time even I did not attach serious importance to the appearance of this document. Other events eclipsed the meager accounts of the constitutive meeting of the "USSR Socialist Trade Union Association."

However, not a year passed before the representatives of socialist trade unions held their constitutive session. They announced their intention of holding a congress in the near future. So the movement was growing, was it? It now demanded attention and needed to be taken more seriously. Already those on the periphery have been asking to know more about it. By way of illustration, not long ago, in the Tambov Oblast, where I was on a business trip, the chairman of a *profkom* [trade union committee] asked me the following:

"I heard that 'socialist trade unions' are being created in Moscow. Tell me how they differ from ours. Judging from the name, you would think that either they are not Soviet, or we are not socialist. What is the difference?"

I will try to answer that question to some degree, using fragments of a conversation with L. Volovik, one of the members of the coordinating council of socialist trade unions. What's more, Lev Moiseyevich is considered one of the leading theorists of "Sotsprof." We met in his apartment, since the new association still does not have its own headquarters.

"Today," began L. Volovik, "'Sotsprof' is an amalgamation of 35 trade union organizations which have in their ranks"—he hesitated—"50 thousand members. Incidentally, there are no precise data. Our main task now is to come to an understanding of ourselves and inform others about the trade unions' activities—if you like, to clarify the meaning of the phrase 'defending the interests of workers.' We will achieve a pay raise for workers high enough so that they will be able to solve their social problems themselves."

"Many people cannot understand why we do not try struggling for our goals within the framework of the AUCCTU," Lev Moiseyevich continued, as if anticipating my question. "At first glance, such a reservation may seem entirely well-founded. But one detail is not being taken into account. The AUCCTU fulfills the role of a kind of advisor affiliated with government structures. This position does not allow it to fully carry out the function of defender of the interests of workers."

I could have raised an objection to this with my interlocutor, citing the recent examples in which several government decisions that infringed upon the social interests of laborers were drastically changed as a result of objections by the AUCCTU.

But I think that L. Volovik knew as well as I about that. He simply did not take it into account. That would be disadvantageous, since, as I have observed, denying any positive role to traditional structures in trade unions is the primary propaganda device of proponents of "Sotsprof." One must give them their due, sometimes they are rather adept at taking advantage of the mistakes of trade union committees.

No one is hiding the fact that there are still a lot of shortcomings in the trade union movement. And there are still plenty in the leadership of trade union bodies who lack initiative, who are incompetent or conservative. But let us weigh what would be faster and simpler: removing these shortcomings, or beginning from ground zero and creating new structures—what's more, with a highly dim conception of their purpose?

But judging on the whole, removing shortcomings will not suit the activists of "Sotsprof," since that would go against their goal of creating their own "alternative" organization.

"Interest in our association is growing," said Lev Moiseyevich. "Many representatives of today's *profkoms* [trade union committees] see in it a real possibility of escaping pressure from above. Their propaganda work among the masses should guarantee us an influx of new members." He continued to develop his point. "Every public organization consists of active and passive members. Now in our ranks we have the active part of a future 'Sotsprof.' We need to attract the masses to our side..."

This, I should point out, is a distinguishing feature of this trade union movement. It was not born in worker collectives, but rather in Moscow apartments. Therefore even the problem itself seems as if turned upside down: it is not the masses who are in need of a leader, but the leaders who are in need of the masses.

"The program of your association of trade unions might strike one as highly attractive, but to what degree is it realistic under today's conditions?" I asked L. Volovik.

"That depends upon us," he answered, "and upon how effectively our *khozraschet* enterprises work. Therefore we will not squander our talents, but will plan to set in

motion the issuing of computers and other equipment that is in short supply. We are now creating an association (!) of such enterprises. Using the profits from our economic activities, we will defray the maintenance costs of machinery. In addition, we are creating our own social assistance and charity funds. The contributions of private individuals and worker collectives will enable us to acquire fixed productive capital and create new jobs for the unemployed."

So the outlook for the newly appearing trade union movement will depend directly upon expanding its own economic activities: creating *khozaschet* enterprises, building organizations, etc. It is logical to assume that if this movement is destined to develop into the larger movement defined by the constitutive session, then it will inadvertently turn into its opposite, so to speak: it will go from being a trade union movement to being an industrial-commercial movement. It will become an employer. True, it is difficult to judge whether this is a theoretical miscalculation on the part of the ideologues of "Sotsprof" or a conscious choice of the path to acquiring the status of owners of the means of production.

I personally, for example, do not see generous promises as an expression of concern for the position of workers, but rather as an attempt on the part of a small group of people to use the workers' dissatisfaction with the actions of other trade union bodies and to realize their claim to the leadership of a public movement. Two factors point to this. Emissaries of the new movement appear as a rule wherever a dispute arises. Since last year their most frequent trips have been to coal regions. One can suppose that this is where they see the most favorable conditions for attracting mining trade union organizations to their side.

And secondly, it is clearly no accident that among the members of the coordinating council are a number of people who at one time came to grief in the struggle for leadership in various informal organizations and groups with a political cast. For example, S. Khramov was until recently a rather influential figure among the social-democrats. L. Volovik was a product of the "Democratic Union," where he earned the title, or the tag (excuse me, I don't know which!), of "Trotskyite."

In this connection, the biography of one other member of the coordinating council is worth noting—S. Naydenov. Five years ago Sergey arrived at the Abakumov Mine. He worked as a coal header. During the strike last year he was nominated and elected to the Donetsk city strike committee.

When the miners decided to re-elect the territorial trade union committee on the grounds that it had not earned their trust, S. Naydenov was among the candidates for *terkom* chairman. But he lost in the elections: the miners preferred the candidate V. Ladygin.

After being a leader and tribune, I suppose that he had no great desire to go to work on a coal face. So the young

communist enthusiastically undertook the organization of yet another trade union of miners which was independent of the main trade union body. And truly, this work, in Sergey's words, was not a great success. Only a few entered the new trade union.

"The important thing for us was to begin this movement," said S. Naydenov. "When people see that we are defending their interests, they will join us. Today's trade union structures have become an impediment. We cannot crush them, but can we not move along a parallel course?"

I am not about to argue about the correctness of the "route" chosen by this young man. Maybe he needs to do this for self-affirmation. But this is no children's game, and life is not easy. And if you call others to your side, you take responsibility for them. It is difficult to say what use his present activities will be to tomorrow's comrades in labor. And I know another thing: by his own admission, Sergey so far has only deprived his own family of its share. Trading the profession of miner for the office of deputy director of the division of a charity fund organized by "Sotsprof" has clearly lowered the family's budget revenue. To the question of whether contributions to the fund had been generous, Naydenov smiled grimly and waved his arm in a gesture of resignation...

So clearly people are no longer attaching a high value to a commodity like generous promises...

Frankly speaking, in the present case I am interested in more important things besides the personal fate of Sergey Naydenov or the group of miners who followed him, although they are also worthy of attention and sympathy.

A thorough and radical change in economic relations is going on in our nation. The recently adopted USSR Laws on ownership and land will inevitably urge on these processes. I think that the growth of inflation, a surge in prices and unemployment cannot be avoided. All of this may first of all be reflected in the social conditions for workers and those sectors of the population that are the least provided for. In order to defend them and to lessen the degree of fluctuation in the standard of living, the trade unions must carry out a unified, tough struggle through collective efforts and face rather powerful pressure. This is the area in which a consolidation of forces is required.

Therefore the present-day "official" trade unions and their electoral bodies should have a dialogue now with all of the new developments in the labor movement and seek a point of interaction. The first steps in this direction have already been made. Representatives of "Sotsprof" were invited to the Constituent Congress of RSFSR Trade Unions. S. Khramov, the present chairman of the coordinating council of this association, was given the floor at the session. It seems to me that this is the most productive path. Calls for a division that is an end in itself and for separatist independence in the trade

union movement, along with the creation of various "parallel" structures, serves (objectively speaking, I would suggest) to disarm the workers. True, the tempo and depth of perestroika in the trade unions is not satisfactory to most of us. But the path down which the leaders of "Sotsprof" are taking us will in my view not stand up to serious criticism. Most likely it will not withstand the test of life...

Workers Air Industrial Safety Problems, Want Safety Law

904F0137A Moscow *RABOCHAYA TRIBUNA*
in Russian 18 Apr 90 p 1

[Article by L. Biryukova: "Won't We Stand Up for the Price?"]

[Text] We shudder when we hear about the disasters and the dozens and even hundreds of victims. But if the population of an entire city perishes? No, not from an earthquake, but because of someone's irresponsibility, incompetence, and inability to organize the work? It is even hard to imagine that this can be regarded calmly, as if it were a simple everyday occurrence. But it looks as if our society has become accustomed to the injuries and death of persons in production. As if this is the way it is supposed to be, that it cannot be avoided...

In the current five-year plan, three million persons were injured and 70,000 were killed. What battle did they take part in, and what did they pay for with their lives?

There are no objectives for the sake of which we can permit human lives to be destroyed. Especially if we take the current five-year plan, no one won a victory: production volumes are dropping and labor productivity is declining. But persons are being crippled and killed.

Today the noted specialist in the field of work safety, Doctor of Technical Sciences and Professor E. Petrosyants, is taking part in a direct dialogue with readers. Frankly speaking, the editorial staff had some misgivings: what if people do not telephone and respond to the appeal to take part in the discussion? After all, safety procedure is a topic we have had enough of for a long time.

But our doubts were dispelled with the very first calls. And businesslike suggestions were heard instead of complaints.

"More funds must be invested to create safe working conditions," N. Krivulin, a milling machine operator from remote Blagoveshchensk, shouted into the telephone. "But our administration seeks to economize on this. Especially now, under cost accounting."

"A very widespread problem," answers E. Petrosyants. "This is what they are doing at many enterprises: they have received the right to make use of part of the profit, and they release funds to increase wages and bonuses. At the same time, they are cutting back as far as they can on

investments in work safety. But after all, this can turn into incalculable losses, including financial losses."

The scientist advises N. Krivulin to try to obtain priority for financing new safety procedures and equipment through the STK [labor collective council], through the profkom [trade union committee], and other organs of self-management. "This is our right!" was the response from Blagoveshchensk.

A group of workers from Orsk in Orenburg Oblast telephoned.

"We are working at a machinery plant. We breathe the industrial waste associated with chemicals. But they do not include us either in the first or the second list, in accordance with which benefits are provided for unhealthy conditions. They say there are not supposed to be any at a machinery plant."

Soon after there was one more call, as if on order. It was A. Komarov, a slag-processing excavator operator from the Novolipetsk Metallurgical Combine:

"We have too much dust and pollution in many work positions. In mine, too. Yes, they include us in the preferential list. But persons do not want to work under such conditions. They realize that the benefits do not prolong their lives. I know of many cases where a person retires on a pension at age 55 and passes away in two or three years. We ought to be concerned about making the work harmless, not about expanding the preferential lists."

Hanging up the telephone, Professor Petrosyants comments:

"A sudden change is taking place in the people's consciousness. Quite recently thousands of workers consciously went where the working conditions were harmful and dangerous. In the hope of earning more and retiring on a pension sooner. Now many people have become thoughtful. They have realized that essentially, they are selling very cheaply what is priceless: their health, and part of their lives, if you like. The workers have begun to have doubts and think about this. And isn't it time for the proprietors of plants, factories, mines, and pits—for our state—to begin thinking? Perhaps it is enough to legalize poor working conditions with a system of benefits and additional payments? It is simply immoral to buy people's health."

But where is the state to get funds to solve the problem? For example, stop retaining the huge army of work safety inspectors, suggests engineer V. Drubetskoy from Moscow. Experience has shown that all kinds of supervisory inspections have become outdated to a large extent. Where expenditures are not commensurate with the results. There are examples where the administration of an enterprise grants employees and ITR's [engineering and technical personnel] the right to assume collective responsibility for the adherence to safety procedure rules at each work position. Here the control is daily, even

hourly, not once every quarter, as in an inspection. The accident-free work has been given an economic incentive. And what is the result? Injuries and ChP [accidents] in such sections have decreased significantly.

A typical detail: after suggesting that the inspectors be "eliminated," V. Drubetskoy himself is working as a chief expert for the USSR Gosgortekhnadzor. It is more obvious to him, of course.

A telegram came to the editorial staff: "The management of the port of Tuapse is forcing pilots to wear life jackets that are not suited for their specific work, which sharply increases the danger of injury and death among pilots. We appeal for immediate assistance. Senior Pilot Kondratov, chairman of the strike committee for inspection of port supervision."

Oh, this inspection! It turns out that even with a strike committee he cannot get the pilots not to wear unsuitable life jackets. Professor Petrosyants advises you, Comrade Kondratov, to immediately contact the central committee of the sectorial trade union, which is obliged to take steps. This is its direct responsibility.

"There is perhaps no sector in which workers have not been unhappy about specialized work clothing," continues the professor. "It is awkward, uncomfortable, it restricts movement, it is not waterproof... The 'Okhrana truda-90' exhibition is now on display at the VDNKh [Exhibition of Achievements of the National Economy]. I have seen models of clothing there for an oil worker, a miner, a metallurgist, a builder, a fireman... It is not enough that they are elegant, they also protect the person from harmful environments, fire, water, low temperatures, acids, petroleum products, and the spray of molten metal. But only mannequins are wearing these suits. As much as I have traveled through the country, I have not seen them on workers."

A. Levto, an engineer from Leningrad who works in the NII [scientific research institute] of the Ministry of Geology, telephoned. He believes that economic sanctions need to be applied to enterprises for unsatisfactory working conditions and separately for the fact that they are not improved from year to year and for the increase in the rate of illness and injuries.

And almost every second person that took part in the conversation feels that a Law on Work Safety is needed in the USSR.

"I do not think I am revealing a secret: the draft of such a law is being prepared," responds Professor E. Petrosyants. "A small group of specialists is now working on it. But it concerns millions of working people. It would be useful to expand the group of drafters."

Well, let us expand it. We invite our readers to send in their suggestions: what kind of a law should this be, in your opinion? Perhaps one of you will assume the task of formulating its basic provisions? We await your letters.

Benefits of Free Travel of Work Force Examined

904F0128A Moscow IZVESTIYA in Russian 10 Apr 90 Morning Edition p 2

[Article by A. Kamenskiy, candidate of economic sciences and senior scientific associate of the VNII of foreign economic ties, USSR Council of Ministries GVK [State Foreign Economic Commission]: "The Workplace Abroad; Advantages of Free Travel of the Work Force"]

[Text] On the agenda for the present session of the USSR Supreme Soviet is a discussion of the draft law on procedures for entering and leaving the USSR. Once it is adopted, clearly many of us will want to try our professional luck abroad.

But does this mean that all difficulties have been cleared away and one can freely go and get work in one's profession in any appropriate country? Or does it mean on the other hand that one can bring foreign workers into one's factory? By no means.

As unpleasant as it may be, we must admit that the process of making good the losses in labor resources in our country has been disrupted. And this is expressed not only in a general fall in the fertility rate, but also in the extremely low salaries, which do not serve as an adequate return for one's labor. Perhaps the worst of all of the crises befalling the long-suffering Soviet economy is the professional crisis. After all, we can tie up money buying equipment abroad or even dealing with natural disasters. But in order to raise healthy and literate workers, we need a long tradition. Together with technological backwardness, the inability to develop and to obtain adequate food, clothing, and leisure time has led to a decline in productivity and a drop in the intensity and quality of labor. Allowing the free travel of our labor force to other countries could become one of the effective ways of achieving a "breakthrough."

In my view the main "plus" is that a continual flow of workers leaving and returning to the country would allow our people, moreover, the most active among them, to "go for a stint" in foreign labor markets. The experience of governments who have long been sending their workers abroad shows that those returning from abroad usually look differently upon working conditions, salary levels, professional opportunities, and their careers. They know their own worth and will not agree to take whatever comes.

There are other positive sides as well to allowing the free travel of the labor force. Wherever it is allowed by legislation, emigres working "on the side" add revenue to the budget of their own governments in the form of taxes, and there have been examples in which countries could do a fairly good job of adjusting their balance of payments by means of this money. And we cannot fail to consider the fact that the majority of countries with an export labor force receive hard currency earnings in the form of transfers of money by workers abroad to their homelands to support their families. Sometimes these

sums amount to billions of dollars. For example, Yugoslavia has received three to four billion dollars in the course of the last ten years. World experience shows that laborers abroad transfer at least a small share of their private earnings to their homelands. They bring a large part of their earnings back with them in the form of hard currency and securities. And in recent years those returning have begun bringing more and more industrial goods, even including machinery and equipment, with the aim of organizing small-scale production back home.

The overwhelming majority of governments gives maximum encouragement to the import of means of production by laborers abroad: they lower or completely remove customs duties and other barriers. Sometimes they enjoy the financial support of banks, which grant them credit for the purposes of obtaining a full set of equipment needed for an entire production cycle. These and other observations allow one to draw the conclusion that the effectiveness of allowing the free travel of the labor force is many times that of allowing the export of goods.

Now a word about the "minuses." The world's international labor market developed long ago. The countries and branches using this labor have been determined, as have the systems for concluding contracts for an assortment of occupations as well as systems for intergovernmental regulation of demand and supply. Unfortunately, Soviet international economic science has done a very poor job of studying these processes.

But the labor force is a specific commodity, and we have no one experienced in dealing in it. Those wanting to go to work abroad do not even have anywhere to turn for registration. Of course, one can always first go abroad and then look for work there. But this can hardly be called an effective method. A laborer abroad is only guaranteed a successful outcome if he already has a work contract in his pocket. As is the custom throughout the world, an intermediary firm should guarantee that it will set a worker up in a job and support him in disputes and unforeseen circumstances. However, at this time our legislation is holding up the creation of these intermediary firms.

But a question arises: Won't our country empty out? Won't the right to leave lead to general flight? In my opinion, no. And here is why: the world foreign labor market has itself narrowed considerably. The demand for foreign workers in most of the spheres in which emigrants traditionally work has fallen by almost double. Competition among countries exporting labor has grown fiercer. Labor processes in economically developed countries have grown more complicated. In addition, mechanisms are at work in a number of states to protect native residents from being edged out of production by foreign workers.

Thus, the demand for our labor force may be restricted to strictly defined numbers, certain countries and branches of labor, and individual professions. Moreover,

the opportunity of earning a good wage is presenting itself here too: in the cooperative sector, in *khozraschet* [economic accountability] state organizations, and at lease-contract enterprises.

And in the near future this last set of circumstances is, objectively speaking, capable of allowing the reverse to take place. We will be able to attract labor resources from abroad: from Vietnam, China, North Korea, and some other countries. If we could learn to function normally in this sphere, it would be possible to put inexpensive borrowed labor payable in rubles to productive use in expediting our construction (which is the slowest in the world), creating an upsurge in our utterly weakened agrarian sector, and filling jobs in other labor-intensive spheres.

Millionaire Cooperative Owner Interviewed on Reasons for His Success

904F0138A Moscow ARGUMENTY I FAKTY
in Russian No 16, 21-27 Apr 90 p 6

[Interview with Artem Tarasov by correspondent A. Petrov: "Interview with a Millionaire: I Will Be Honest—I Know How to Make Money"]

[Text] *The name of Artem Tarasov appears on newspaper pages often, preceded by various epithets, both with a positive and a deeply derogatory meaning.*

Following its tradition and in response to readers' requests, ARGUMENTY I FAKTY decided to ask him a few questions, mainly unpleasant ones, and to hear answers from the man himself.

It was done by our correspondent A. Petrov.

[Petrov] Are you as atypical as you are sometimes presented?

[Tarasov] No, I do not think of myself as atypical. There are many enterprising people in our country who can make money out of nothing and be irreplaceable in society. And to do so despite our system.

[Petrov] Why do you dislike our system?

[Tarasov] Because it is irrational. Imagine, "Tekhnika," our old cooperative, was buying unsold output at enterprises which produced nothing but that unsalable, useless output which no one else in our country knew how to process or use. The Voskresensk mineral fertilizer plant, for instance, simply did not know what to do with mounds of ground phosphates, and the Alaverdinskiy metallurgical plant was producing thousands of tons of pulverized metal which we do not know how to use.

In exchange for this so-called garbage, we bought computers abroad, programming them on contract with 142 enterprises and USSR Academy of Sciences institutes.

[Petrov] Anyone can criticize, but what about making actual proposals?

[Tarasov] I have never tried to hide the fact that I have my own platform. It consists of four points: first, to create a new structure of state administration, where the individual, and nothing but the individual, is the focus of attention, and the state exists only due to the individual, and not the other way around, as it is now. Second, all enterprises should be removed from the control of ministries, which must be immediately abolished. The funds thereby freed should be invested in those same enterprises. Third, unprofitable collective farms should be dissolved. Instead, the new program, as reported in ARGUMENTY I FAKTY, proposes to increase subsidies to them from R77 billion to R79 billion. The land must be given to the people, and a contract must be negotiated with every family to supply agricultural products to the state at low prices. Everything above that could be sold at high prices to any buyer. Fourth, external trade should be based on a system whereby the state acts as an intermediary, charging a percentage on completed deals.

[Petrov] Are you driven by heredity or by something more prosaic?

[Tarasov] True, it is genetic heredity. I come from a family of millionaires. One of my ancestors was a famous Moscow patron of the arts who owned a bank. My mother's family was in the bakery business.

[Petrov] Did your family not suffer in Stalin's repression?

[Tarasov] This would have been strange. My grandfather, an entrepreneur under NEP and a graduate of the Liege University, practiced architecture. He was arrested in the 1920s and labeled "economic counterrevolutionary," but managed to become chief architect of the city of Novosibirsk, and then chief architect of the Ministry of Heavy Industry, while remaining outside the party all the while. Father was a news photographer and Mother had a doctorate in biological sciences.

[Petrov] Are you Russian?

[Tarasov] I hate such questions. Business knows no ethnic groups, just efficiency and profitability. But I do not want to appear impolite: my father came from a family of assimilated Armenians while my mother was Russian.

[Petrov] I often see you wear the same suit. Do you not care about your appearance?

[Tarasov] Of course I do. But that is not very important. I have a three-room apartment, for instance, which I inherited from my grandmother. But it is impossible to live there, since it needs capital repairs. That is why we, together with a seven-month-old baby, live in a two-room communal apartment. I drive a ninth-model "Zhiguli" and not a "Mercedes," because I am happy with it. Still, every now and again my "fans" slash my tires. But that is a minor inconvenience. In big business, there are even shootouts.

[Petrov] So, you are not a millionaire in a commonly accepted sense, are you?

[Tarasov] I just do not care about it. And yet, I am a millionaire. You, for instance, cannot afford a plane, a yacht or a villa, whereas I can. I do not have any desire for such things. On the other hand, the joint venture "Istok," of which I am the president, bought 32 "Mercedes" and "Volvo" cars abroad. We need them for business.

[Petrov] There are some questions about your "Istok." This entity assumed all the obligations of "Tekhnika" without any guarantees.

[Tarasov] I am its guarantee. We will sue many organizations which took advantage of our weakness and stole everything, to a kopek. They acted like crooks. Even today, containers with goods purchased by our foreign customers stand idle in our ports and are not being shipped to purchasers. We may close "Tekhnika," but only after everyone pays us back. The millions that we will get will be donated to charity. Now I have "Istok," which is 80 percent owned by us.

[Petrov] And yet, there is something about your activity, no matter how profitable it is, that is unsavory. Pardon my expression, but how else are we to describe the fact that you constantly use glitches in the Soviet economic system and profit from them? And what would happen in the future if—let us daydream for a second—those glitches disappeared? It seems that the loss-making character of our economy is profitable to you and you will continue to encourage it.

[Tarasov] That is wrong. We do exploit glitches, as you call them, but we earn money by turning trash into products that are useful to the country. All my ideas are based on the desire to pull our economy out of the abyss and to build healthy financial relations based on a new economy. Is it not what my Motherland needs?

[Petrov] Now you are an RSFSR people's deputy. Is it also because you need it for business? To win a deputy's seat, you and your assistants were very generous with promises.

[Tarasov] I always put my money where my mouth is. I want to be a parliamentarian to make sure that those four points I have mentioned do not remain mere ideas. I will try to break into the commission on the economy. I intend to fulfill my obligations as a people's deputy.

[Petrov] You are rather consistent. I am talking about your interest in the computer business.

[Tarasov] Yes, I generally am. My first cooperative was registered in Moscow under the "lucky" number 13. It was closed down in a week. The problem was not its number, of course. We went into the dating business. The computer we leased had a special program. We charged R25 for every service. In just one week, our receipts rose to R100,000. But we saw none of that

money. The cooperative was shut down because it was "incorrect morally and illiterate ideologically."

"Tekhnika" was my next effort. At first, we established a repair shop for foreign radio and television electronics. Kids with good heads, hands and soldering tools joined us. They could repair anything. Yet, spare parts had to be bought in the black market. We almost went bust

because of this. Now, I am the president of "Istok," an independent foreign trade association.

[Petrov] What do you want more than anything else?

[Tarasov] To see all international comparisons in the area of economics and culture to be in favor of our country.

ORGANIZATION, PLANNING, MANAGEMENT

Report on Nov 1989 Congress of Technologists-Machinebuilders

904G0031A TYAZHELOYE MASHINOSTROYENIYE
in Russian No 4, Apr 90 pp 2-5

[Article by Yu. I. Zvezdin, President of the Association of Machinebuilding Manufacturing Engineers, doctor of engineering sciences, and professor: "The First All-Union Congress of Machinebuilding Manufacturing Engineers"; the first four paragraphs are source introduction]

[Text] The First All-Union Congress of Machinebuilding Manufacturing Engineers convened in Moscow 13-18 November. The congress's main goal was consolidation of the efforts of the USSR's machinebuilding manufacturing-engineers, which are aimed at solving machinebuilding problems during restructuring of the country's economic mechanism and of the economy itself.

There were 1,003 delegates registered at the congress, and more than 2,600 people received guest tickets. Addressing the congress were 44 specialists, 11 of them from foreign countries: the U.S., Finland, the FRG, Italy, Switzerland, France, Belgium, Bulgaria, Romania, Hungary and Yugoslavia.

The congress's main tasks included: an examination of the status of the technological science and practice of machinebuilding; determination of the main paths for developing the technology and an increase of its influence on labor productivity, output quality, and reduction in prime costs; the generation of basic concepts for developing technological systems, including improvement of the basic (including high-energy) technologies; a singling out of priority areas with a view to raising the level of domestic machinebuilding technology; automation of technological equipment based on the latest achievements of electronics; work on converting technologies that link the defense and civilian branches of machinebuilding; the influence of machinebuilding on the ecological situation, to which machinebuilding previously has not given its due; and the development of contacts with leading foreign scientists, manufacturing engineers, and machinebuilding companies.

The congress established the USSR Association of Machinebuilding Manufacturing Engineers. The association's board of directors and president were elected. Professor Yu. I. Zvezdin, doctor of sciences and general director of the NPO [Science and Production Administration] TsNIITmash [Central Scientific-Research Institute of Machinebuilding Technology], was elected chairman of the presidium (president).

Organizers of the First All-Union Congress of Machinebuilding Manufacturing Engineers were the USSR Council of Ministers Buro on Machinebuilding, the State

Committee of the USSR Council of Ministers for Science and Engineering, the USSR Academy of Sciences, the USSR State Committee for Public Education, and the ministries of the machinebuilding branches. The congress's organizing committee included the chairman, A. F. Kamenev—First Deputy Chairman of the USSR Council of Ministers for Machinebuilding, and the deputy chairmen: K. V. Frolov—academician and vice-president of the USSR Academy of Sciences, O. V. Kvilitaya—First Deputy Chairman of the Georgian SSR Council of Ministers, V. L. Koblov—First Deputy Chairman of the State Commission of the USSR Council of Ministers, P. N. Belyanin—corresponding member of the USSR Academy of Sciences and head of the Scientific-Research Institute for Aviation Technology and Production Organization, and T. N. Loladze—Academician of the Georgian SSR Academy of Sciences and general director of the joint Soviet-French enterprise ARIS-Tbilisi.

The sponsors of the congress were: the Zaporozhye PO [Production Association] Motorostroitel, the Tashkent Aviation Production Association imeni Chkalov, the Saratov Electrical Generator-Set Production Association, the NPO TsNIITmash (Moscow), the Moscow PO Kvant, the PO Southern Machinebuilding Plant (Dnepropetrovsk), the Saratov Aviation Plant, and the Tbilisi Aviation Production Association imeni Dimitrov.

First Deputy Chairman of the USSR Council of Ministers Buro for Machinebuilding A. F. Kamenev opened the congress. Administrator of Affairs of the USSR Council of Ministers M. S. Shkabardnya gave the USSR Council of Ministers' greetings to the congress's delegates and guests. Then Deputy Chairman of the USSR Council of Ministers I. S. Silayev delivered the report, "Machinebuilding Technology: Its Status and Ways for Improving Its Efficiency During Radical Economic Reform." He noted that great advances are occurring now in the structure of the output being produced by the defense and civilian machinebuilding branches: the accent is changing from equipment for Group A to equipment for Group B, with all the consequences for machinebuilding manufacturing engineers that ensue from it.

Successful solution of the contemplated social tasks is associated inextricably with use of the achievements of scientific and engineering progress in all branches of the national economy, primarily in its machinebuilding sector, including both civil and military machinebuilding. This sector is assigned a key role in developing the country's economy. In order that scientific and engineering progress may enter as quickly as possible into our lives, it is necessary primarily that priority areas be chosen and balanced rationally. Today, as world practice indicates, the introduction of progressive technological processes has become such an area. It is precisely this technology that is a central connecting link in the science and production chain.

In evaluating the level of machinebuilding's technological base as a whole, I. S. Silayev emphasized that many unresolved scientific, engineering and organizational problems that hamper development and reequipping of the scientific, engineering and production potential of the country's machinebuilding complex and the introduction of this potential at the modern level of achievements have been accumulating here. Specific consumption of materials and energy and the expensiveness as a whole of many of the technological processes that are in use do not compare favorably with world counterparts. For example, the share of forged pieces in forging stock volume in the USSR is up to 30 percent, while in developed capitalist countries it is 5-7 percent; the share of precision forgings manufactured by progressive methods of plastic deformation is, respectively, less than 15 percent and 50-60 percent; the share of output of castings made of high-strength cast iron is, respectively, 2-5 percent and 20-27 percent; the amounts of use of high-speed mechanical machining processes in the total amount of machining is 3-4 percent and 10-12 percent; the output of tooling with nonresharpenable hard-alloy blades in the total volume of metal-cutting tooling is, respectively, 2.6 percent and 20-25 percent, and for those with wear-resistant coatings it is 8 percent and 55-60 percent.

In matters of protecting the environment, to which the machinebuilders previously have not attributed proper importance, the main burden rests right on the manufacturing engineers. Today, they need to be concerned not just about how to reduce the volume of discharges and how to bring them in line with the norms, but also how to avoid those processes that allow these discharges in all spheres of our nature. Thus here, in essence, the main purpose of the activity is the creation of ecologically clean manufacturing processes.

I. S. Silayev called attention to still another problem of machinebuilding technology. Everywhere the existing principle that fits the technology to the existing equipment leads to low equipment utilization and causes great economic harm. Scientific and engineering progress and life itself dictate the need to realize optimized technological processes. And special equipment is needed for this purpose.

Such factors as the continuing gap between design and technology, which leads to increased labor costs, complication of the equipment, and an increase in energy and materials consumption, causes considerable harm to efforts to increase manufacturing feasibility.

World experience has shaped the main trends in developing machinebuilding technology, which are caused at the modern stage by the continuous increase in the diversity of shapes and the products mix and in the amount of output produced, and by the increased complication of machinebuilding articles and the application of electronics to them; by the reduction in the time for preparations to make the new machines; by intensification of specialization and by expansion of the scale of

cooperative operations; by an expansion of the mix of technologies and of constructional materials; by a rise in the flexibility of all production structures; and by growth in the scale of application of electronics and automation to production.

Conversion to the principles of self-financing and economic accountability not only of the civil but also of the defense machinebuilding complex is creating favorable conditions for collaboration.

The main trends for developing domestic machinebuilding technology have been planned. The main ones are: the creation of basically new technologies, using the achievements of modern basic science; an orientation to comprehensive mechanization and automation of production; and standardization of technologies, technological specialization, and modular integration.

The congress devoted earnest attention to improvement in the efficiency, modernity, and direction of development of welding and of kindred technologies in machinebuilding, to prospects for the use of ganged machining technology, to the creation of progressive controlled protective coatings for articles, to computerized technological design and development documentation for automated machinebuilding, and to the main areas of developing diagnostic technologies.

It was noted that the saving of resources is a complicated problem, and the underlying purpose is to obtain maximum national-economic benefit. Already during the current five-year plan it is planned to reduce metal consumption of the national income by 6.9 percent and energy intensiveness by 5.3 percent.

In 1987 the country adopted a long-term comprehensive program, *Metalloyemkost*, for reducing the metals intensiveness of national income, in which the heavy machinebuilding branch is taking part. With the use of resource-saving technologies, the production of all types of precision blanks throughout the branch rose from 448,000 tons in 1986 to 682,000 tons in 1989. The total saving in rolling ferrous metals in the branch during the period 1986-1988 was 228,000 tons.

This example of promising areas can be cited. NPO TsNIITmash is developing and introducing new and promising steels with an improved set of operating properties and with improved producibility. Thus, the use of economically alloyed corrosion-resistant chrome steel for power-installation equipment and consumer goods (milking machines and washing machines) instead of chrome-nickel austenitic steels reduces the consumption of scarce nickel (a saving of 100 kg per ton of metal).

Substantial reserves in metallurgy for saving metal and energy resources are associated with modernization of the technology, with increase in the amount of use of out-of-furnace vacuuming and refining, and with the introduction of a technology for melting steel, using metallized pellets in the iron-ore portion of the burden.

The main directions for reequipping metallurgical production are: the replacement of martensitic furnaces and obsolete arc furnaces by powerful arc furnaces whose productivity is 3-fold to 4-fold more than that of existing melting units; the creation and assimilation of equipment and the technology of out-of-furnace treatment of steels of the "furnace-to-ladle" type; vacuum treatment with issue of the metal from the furnace; and blowing of the metal with powder lancing. The measures named will enable steelmaking-unit productivity to be increased, the quality of the steel poured to be improved, cost of the materials to be reduced, and substantial power savings to be made.

The branch's requirements for large ingots for manufacturing forged-in-one-piece turbine rotors and turbogenerators for high-capacity power units, enlarged strakes for nuclear reactors, shafts for large-plate or sheet rolling mills, and so on, are growing. Assimilation of the production of large forging ingots is a most important area for raising the engineering level of the branch's production and for saving forged pieces made of ingots, as the basic type of billet. Already the PO Izhorskiy zavod has mastered the production of forged-in-one-piece rotors for steam turbines and turbogenerators made of ingots that weigh 360 tons, which enable a saving of 110 tons of metal for one turbine rotor and 80 tons for one turbogenerator rotor. In the long term, assimilation of the manufacture of forged-in-one-piece support shafts for a "5000" mill that are made of 420-ton ingots will permit 200 tons of forgings to be saved per support shaft.

USSR Mintyazhmash will continue work on the industrial reequipping of forging and presswork production in the area of automating it and updating the equipment.

An important source for saving metal is the development of new types of rolled section, which is performed within the branch under the direction of VNIImetmash [All-Union Scientific-Research and Design-Development Institute for Metallurgical Machinebuilding]. In 1990, USSR Minmetallurgii announced more than 50 types and sizes of economical section with a total amount of 140,000 tons. Their use will enable more than 17,000 tons of metal to be saved. Most urgent is assimilation of the production of thick-plate rolled stock, up to 250 mm thick, with a stiffening of tolerances as to dimensions; intricate section made of lightweight constructional-structure steels of various brands with a maximum strength of 600—2,500 MPa; rolled plate with normalized impact resilience at -60 to -70 degrees C. for equipment operated in the Far North; and pipe made of heat-resistant steels with mechanical properties normed at a temperature of 300 degrees C.

However, USSR Mintyazhmash has not planned for filling a major portion of USSR Minmetallurgii orders for new section for the near term for various reasons.

The scientific program of the First All-Union Congress of Machinebuilding Manufacturing Engineers included the work of sections in the following areas: "Theoretical

Problems of Machinebuilding Technology"—scientific supervisor P. N. Belyanin; "Basic Promising Technological Processes"—scientific supervisor T. N. Loladze; "Automated Design of Machinebuilding Production Processes. The Computerization of Production"—Yu. M. Solomentsev; "Progressive Technologies for Casting and Welding Operations"—scientific supervisor L. M. Lobanov; "Mold Forming of Parts and Constructional Structure Made of Metal, Polymer and Composition Materials"—scientific supervisor B. S. Mitin; "The Technology of Precision Machining of Machine Parts and Components"—scientific supervisor V. A. Isachenko; "Surface Treatment, Hardening, the Application of Coatings, and the Modification of Materials in Machinebuilding"—scientific supervisor Yu. I. Zvezdin; "The Technology of Assembling Machines"—scientific supervisor A. I. Dashchenko; and "Methods and Means for the Monitoring, Testing and Diagnostics of Machines"—scientific supervisor V. V. Klyuyev.

More than 1,200 reports were received for presentation at the plenary and sectional meetings. About 200 of them were selected for discussion, and in all more than 230 reports were heard.

Reports in the sections' meetings touched on the most diverse questions of technology in the country's machinebuilding complex. For example, the following were examined: the status and development of the technology of products made of powdered metals and composites in the automotive industry; hydrogen technology for titanium alloys; prospects for developing laser machining technology; controversial questions of the analysis and design of equipment for pulsed high-energy technologies; prospects for using precision machining of metals with the electric arc; the creation of automated industrial sections, using computer equipment for solving problems of SAPR [computer-aided design] and organization of production; the development of an industrial process for obtaining bainitic high-strength cast iron with high physical and mechanical properties; modern methods for electron-beam welding; the contemporary status of the technology for manufacturing cast ceramic molds for pouring models; an integrated technology for making parts from shavings, basic production of large-dimension parts in a superplasticity mode; rotor technology; areas for the development of tooling production on the modern level; a rise in the efficiency of machining parts made of ceramics; the forming of a favorable stressed state and a set of operating properties in surface layers of steels of various classes under the influence of laser radiation; the physico-chemical processes of the corrosive destruction of low-alloy steels where there is a mutual action with water of high parameters; the effectiveness and prospects for using combined hardening; ways for raising the productivity of robotized assembly; the use of glued composites in farm machinery parts; automation of the industrial preparation of assembly work; experience and trends in developing operations in the branch's USSR Mintyazhmash Center for Nondestructive Monitoring; diagnostics of

the technical status of machine members and of constructional structure in terms of maximum deformations; and the principles of the construction of means for nondestructive monitoring based on nonstationary frequency methods of measurement.

This brief list of problems that were covered in the reports from the section meetings indicates the diversity and complexity of the tasks being solved by domestic machinebuilders. The sectional sessions were concluded with fruitful discussions.

During the congress, an exposition and trade fair, Machinebuilding Technology-89, which was held at the Pavilion, "Consumer Goods and Services for the Public," at the VDNKh SSSR (USSR Exposition of Achievements of the National Economy) was dedicated to the First All-Union Congress of Machinebuilding Manufacturing Engineers. The exposition's thematic divisions corresponded basically to the congress's scientific sections. About 1,000 exhibits and 600 display cases were presented. One of the divisions was dedicated to an expansion of collaboration of the country's machinebuilding-complex enterprises with each other, and also with foreign companies, by sales and purchases of the newest technologies and the creation of joint enterprises. Examples of such collaboration are the Soviet-Yugoslav enterprise for developing and producing program checkers. The PO Ritm and the Sedervil company of Sweden created profitable production of ecologically clean stern-tube packing, with oil or water lubrication of any of the types of bearings and materials for them, and also ship shaftlines and propellers. In this division the NPO Molniya presented a set of equipment and operating processes associated with development of the orbital craft Buran.

Each enterprise had the opportunity to decide which promising innovations to acquire or what form of mutual collaboration to choose. For the first time, defense-industry enterprises participated on a broad scale in the exposition. They demonstrated new materials, technologies and equipment for the economy. Composites, parts and components made of them, corrosion-resistant steels and alloys, technological processes for welding, forging and hardening, and laser technology for the manufacture of light-industry products were of the greatest interest.

Visitors could see such diverse consumer goods as furniture, dishes, household electrical appliances, and athletic goods. In particular, the PO Motorostroitel showed an MB-1 motorized unit and toolbar equipment: a mower, wood-processing attachment, single-bottom plow, feed grinder, potato digger, ripper, and other equipment for farm residents. Exposition visitors were interested to learn about the contribution of defense enterprises in the development of medical equipment. However, most of the exhibitors can appear in our polyclinics and hospitals only during the next five-year plan. Such exhibits included: an "artificial kidney apparatus," developed by the Voskhod KB [Design Bureau];

the PARK-2MT resuscitation unit of the Rostov KB for Electromechanical Instruments; the plasma-arc surgical installation of the Smolensk Aviation Plant; the micro-computer pneumatic-analyzer of VNII [All-Union Scientific-Research Institute] for Aviation Materials; and other equipment. The exposition reflected the major contribution of TsAGI [Central Aerohydrodynamics Institute imeni N. Ye. Zhukovskiy] to the development of aircraft for various economic purposes and the use of achievements in aerodynamics, hydrodynamics, acoustics and ruggedness in machinebuilding.

The congress completed its work with papers by the section leaders about the results of their work.

The All-Union Congress of Manufacturing-Engineer Machinebuilders adopted the following recommendations:

1. Expand research in the area of the scientific bases for machinebuilding technology that will provide for the integrated solution of technological design-development problems in the modern era of the automated production of machinebuilding items.
2. Develop the theoretical bases for industrial design and the creation of mathematical models and of methods for analyzing and synthesizing highly efficient industrial processes.
3. Develop work on the creation of promising, ecologically clean basic industrial processes that will enable items with the prescribed specifications to be obtained at minimal cost in time, manual labor and energy.
4. Intensify work on the creation of computerized integrated production facilities, and introduce more widely design technology that uses SAPR and computer equipment.
5. Raise the level of developments associated with standardizing types and unifying industrial processes by the use of ganged machining and modular technology.
6. Expand the area of use of new, highly effective technologies for shaping molds for parts and components made from alloys with special properties and polymer-metal materials and nonmetallic composites; and do further work on the forming of heterogeneous alloys in a mode of superplasticity and creep, on hot hydrodynamic extrusion of alloys difficult to deform, on high-temperature quenching of a melt under a deep vacuum, on the manufacture of spherical enclosures made of ceramics, on the manufacture of parts made of reinforced thermoplastics, laminated fibers and composites, and the creation of powerful multiple-ram hydraulic presses.
7. Develop work on creating a theory of laser machining, and expand scientific research on automating the processes of electrochemical and electrophysical machining, superhigh-speed cutting, tribotechnology and nanotechnology.

8. Include among the most important projects work that is associated with the technological support of machinebuilding product quality, primarily reliability and durability, paying special attention to the industrial control of precision and the condition of the surface layer, and the creation of standard technologies for this purpose.

9. Develop work in the area of creating new methods and equipment for measuring, test monitoring and diagnostics, using computerized instrumented units.

10. Expand the scale of research and development in the area of surface hardening and the creation of protective and protective-and-hardening coatings and of ecologically clean, wastefree and economical technologies for obtaining coatings with prescribed surface-layer properties. Base the organization of this work on one of the scientific-research institutes and plants that have been reconfigured to produce specialized equipment for applying coatings and on the interbranch Zashchitnyye Pokrytiya" center.

11. Perfect assembly processes. In so doing, consider the following as priority tasks: development of scientific bases for the design and optimization of assembly processes and of integrated computer-aided systems for designing technology and equipment for assembly work, with the appropriate mathematical and programming support; the creation of a supply-and-equipment base for the design and manufacture of assembling machines—semiautomated and automated machines and automated assembly lines based on use of the principle of unitizing them from unified components and modules; and the

creation and organization of series production of equipment for mechanizing manual mechanical assembly and finalizing operations.

12. Expand the use of mechanized and automated technologies for traditional and prospective welding methods, including arc, resistance, electron-beam, laser, magnetic-impulse, and superhigh-frequency radiation welding.

13. Organize the publication of a series of periodicals on various areas of machinebuilding technology.

14. Expand work on creating and developing regional and All-Union data banks and data bases for machinebuilding technologies and materials and basic programming and information support.

15. Use actively progressive forms of international scientific and engineering collaboration for the accelerated development of modern machinebuilding technologies.

16. In the area of the economics and organization of industrial production, a policy for effective economic incentives for raising labor productivity and output quality, reducing the time taken to create and assimilate the production of new machines, making rational use of and saving all types of resources, maintaining ecological cleanness of production, and performing science-intensive industrial research should be followed. Improve the organizational forms for rapid realization in industry of technologies that are basically new.

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RAIL SYSTEMS

Draft Railroad Transportation Law Published

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[Draft Law of the USSR on Railroad Transport]

[Text] The present Law defines the economic, organizational, and legal bases for the activity of general-use railroad transport (hereinafter called railroad transport) and its place and role in the national economy and regulates the relationships related to its work.

Article 1. Railroad transport in the country's national economy system

Railroad transport, being a sector of the country's national economy, forms the basis for its transportation system and functions in the territory of the USSR as a unified economic-production complex.

Railroad transport has been called upon to fully meet the requirements of the public and the national economy for transportation and other services in domestic and international rail communications in a timely manner and with high quality and to further the development of close ties among union and autonomous republics.

The importance of railroad transport for the country's national economy is predetermined by the need for its priority development and for meeting requirements for rolling stock, material and technical resources, and fuel and power resources in a centralized manner.

Article 2. The management of railroad transport and its structure

Management of the activity of railroad transport enterprises (associations), organizations and institutions and management of the transportation process on all the country's territory is conducted in a centralized manner based on a combination of economic and dispatch and-operations methods and is the exclusive competence of the USSR Ministry of Railways.

Railroad transport is made up of railroads, railroad divisions, railroad stations, depots, subdivisions and enterprises which are engaged in the railroad's basic activity, as well as metros and industrial, construction, motor transport, scientific research, engineering, supply, and commercial enterprises (associations) and organizations and institutions for public education, public health, and culture and other facilities.

The establishment, reorganization, and elimination of railroads and railroad divisions, as well as a change in their boundaries, are carried out in the procedure set forth by the USSR Council of Ministers.

A decree on railroad transport is approved by the USSR Council of Ministers.

Article 3. Legislation and other normative documents which regulate railroad transport activity

The relationships associated with railroad transport activity are regulated by legislation of the USSR which is in force, the present Law, and the Railroad Regulations of the USSR, transport rules, and other official documents which are issued in conformity with it and approved by the USSR Council of Ministers.

The normative documents which establish the conditions for transportation, the use of railroad transport facilities, traffic safety, maintenance of public order, the crossing of railroad tracks by other means of transport, fire safety, and sanitary rules in railroad transport are in force on all railroads and metros in the USSR and are obligatory in shipments made for enterprises (associations), organizations, institutions, and citizens. The procedure for drafting and approving the documents cited is established by the USSR Council of Ministers.

Article 4. Railroad transport property

Railroad transport is All-Union property.

The property assigned to railroad transport enterprises (associations) belongs to them for the right of full economic management.

In exercising the right of full economic management of their property, railroad transport enterprises (associations) possess, make use of, and dispose of the property cited and carry out any actions at their discretion with respect to it which do not run counter to the law.

Railroad transport enterprises (associations) transfer fixed capital utilized in the transportation process to other enterprises and organizations and sell, exchange, lease, and provide it without charge for temporary use or a loan, as well as write it off, in the procedure established by the USSR Council of Ministers.

Property assigned to a railroad transport institution (organization) under the state budget is under the day-to-day management of this institution (organization).

Article 5. Railroad transport lands

Railroad transport lands are the lands given to it for its permanent use. They include the lands under tracks and stations (including the right-of-way), as well as under protective and reinforcement plantings, structures, buildings, and other facilities needed for the railroads' operation and renovation.

The railroad transport lands which adjoin railroad tracks are the right-of-way. They are for the exclusive use of railroad transport enterprises (associations) and should be maintained in appropriate sanitary condition.

The dimensions of the plots of land provided for railroad transport are determined in accordance with the norms and planning and engineering documentation approved in the procedure established

Article 6. Restricted railroad transport areas

Restricted areas may be established in order to provide for the normal use of railroad tracks, structures, equipment, and other railroad transport facilities situated in areas with landslides, cave-ins, erosion, mud flows, and other hazards.

The procedure for establishing restricted areas, their dimensions and the conditions for their use is determined by the USSR Council of Ministers.

Article 7, Alternative 1. Tariffs in railroad transport

Tariffs for carrying freight, passengers, mail, and baggage by railroad transport are approved in the procedure established by the USSR Council of Ministers in conformity with laws of the USSR.

The level of tariffs for railroad transportation is established by taking into account the economically substantiated expenses, tax and other payments, the formation of economic incentive funds and price changes for the products consumed by railroad transport.

Contract tariffs are established for work and services carried out where freight owners' additional requirements or unforeseen tariffs are taken into account.

Article 7, Alternative 2. Tariffs in railroad transport

The level of tariffs in railroad transportation should provide for the financing of current expenses, tax and other payments, and the formation of economic incentive funds necessary for the development of railroad transport's material and technical base and its social sphere.

Tariffs for railroad transportation are established, taking into account changes in the prices of products consumed by railroad transport, by the USSR Council of Ministers for passenger service; by the Ministry of Railways for carrying freight, baggage and mail within the boundaries of a few railroads; and by the railroad for carrying freight, baggage and mail within the boundaries of one railroad, as well as for work (services) performed for freight owners and passengers.

Article 8, Alternative 1. Bases for the economic activity of railroad transport enterprises (associations)

Railroad transport enterprises (associations) carry out their activity under cost accounting principles.

Freight is carried on the basis of plans worked out from the state orders and orders placed by shippers.

Together with state orders, the USSR Ministry of Railways places sectorial orders at railroad transport enterprises (associations) which are obligatory for inclusion in the plans of these enterprises (associations).

Centralized funds and reserves from deductions of part of the profit and amortization allowances by enterprises

(associations) within their jurisdiction, as well as centralized repair funds and reserves for the wage fund, are established in the USSR Ministry of Railways and on railroads.

Payments to the union budget by enterprises (associations) for railroads' basic activity are made in a centralized manner by the USSR Ministry of Railways.

Intradepartmental economic relationships of railroads and other railroad transport enterprises (associations) which develop in the course of the transportation process are regulated by the USSR Ministry of Railways.

Article 8, Alternative 2. Bases for the economic activity of railroad transport enterprises (associations)

Railroad transport enterprises (associations) carry out their activity under cost accounting principles.

Freight is carried by railroads on the basis of current and long-term plans developed from state orders and orders placed by shippers.

The incomes of railroad transport enterprises (associations) are acquired from the transportation service provided, taking into account the specific contribution by each railroad to the end results of the work.

Centralized funds and reserves from deductions of part of the profit and amortization allowances by enterprises (associations) within their jurisdiction, as well as centralized repair funds and reserves for the wage fund, may be established on a contract basis in the USSR Ministry of Railways to perform tasks which involve the sector in general.

Article 9. Safety in railroad transport

Railroad transport is obliged to provide for the safety of train traffic and to protect the lives and health of citizens and the environment.

Rolling stock, track structures and other technical facilities provided for railroad transport should meet the safety and ecological requirements set by state standards and have a certificate attesting to this.

The territories of stations, sections and other railroad facilities where trains are moved and switching and freight handling operations are performed are zones of increased danger. Being in a zone of increased danger when it is not officially necessary is prohibited. The rules for traveling on and crossing railroad tracks and being in a zone of increased danger and conducting operations in it are set by the USSR Ministry of Railways, taking suggestions by the organizations concerned into account.

The siting of facilities associated with the production, storage, loading, transporting, and unloading of explosive and flammable products and radioactive, toxic, and poisonous substances near general-use railroad tracks and structures is not permitted. The minimum distances

from such facilities to railroad tracks and structures are determined by agreement with the railroad.

The construction of housing and other structures which are not related to railroad activity in an area where railcars which contain explosive and flammable products and radioactive, toxic, and poisonous substances are set apart and accumulated is prohibited.

The crossing of railroads by product, gas, and oil pipelines, power and heat transmission lines, motor roads, and other supply lines, as well as the siting of such facilities in the immediate vicinity of railroads and their operation, should provide for the safety of train traffic.

Enterprises (associations), organizations, and institutions which ship and receive explosive, toxic, highly flammable, radioactive, and other hazardous freight are obliged to have the facilities and mobile subunits needed to cope with emergency situations and the consequences of accidents associated with the transportation of this freight.

In individual cases, the protection and escort of hazardous freight are provided by shippers or consignees for the entire route of travel.

The USSR State Committee for Safety in Industry and the Atomic Power Industry supervises fulfillment of safety conditions in the transportation of hazardous freight.

Article 10. Protection of facilities and freight in railroad transport

Railroad transport enterprises (associations) provide for the safety of freight and baggage on the route of travel and at railroad stations.

Protection of railroad transport facilities, freight, and baggage, as well as work to prevent and stop fires in the USSR Ministry of Railways system, is performed by paramilitary security forces, a decree on which is approved by the USSR Council of Ministers.

Employees of the USSR Ministry of Railways' paramilitary security forces have legal protection on a level with militia employees in the performance of their official duties.

Protection of the largest and most important railroad transport facilities and special freight is provided by subunits of internal security troops of the USSR Ministry of Internal Affairs. Lists of such facilities and special freight are provided by the USSR Council of Ministers.

Maintenance of public order, crime prevention, and state fire inspection in railroad transport are provided for by internal affairs organs in transport and territorial subunits of the militia which work in coordination with the railroads.

Article 11. The organization of railroad transport work in emergency circumstances

Railroad transport enterprises (associations), organizations, and institutions take immediate and effective steps to eliminate the effects of natural disasters and accidents which have disrupted railroad transport operations. Union and autonomous republics, local government institutions, internal security troops of the USSR Ministry of Internal Affairs, and subunits of the Armed Forces of the USSR provide railroad transport with assistance in overcoming the consequences of accidents and natural occurrences (snowdrifts, floods, fires, and so forth) which threaten people's lives or health, traffic safety, or freight security, as well as in preventing illegal acts which disrupt transport operations.

Compensation for physical damage inflicted on railroad transport as the result of deliberate obstruction of transportation supply lines and other illegal actions which encroach upon its unimpeded and safe operation is provided for railroad transport enterprises (associations) by the local state authorities in the established legal procedure. Persons guilty of acts which disorganize railroad transport operations bear criminal, administrative, and other responsibility in conformity with the laws in force.

Article 12, Alternative 1. The labor and discipline of railroad transport employees

Labor and discipline in railroad transport are regulated by the Principles of Legislation of the USSR and Union Republics on Labor, by the Regulations on the Discipline of Railroad Transport Employees which are approved by the USSR Council of Ministers in coordination with the AUCCTU, and by other documents of labor legislation.

Railroad transport employees have the right to appeal to a court for protection of their labor rights which have been violated.

Characteristics of the work and rest routine of individual categories of railroad transport employees who are directly involved in providing for traffic safety and passenger service are determined in conformity with the laws in force by the USSR Ministry of Railways in coordination with the Railroad Transport and Transport Construction Workers Trade Union Central Committee.

The right to free travel by rail, pension privileges, and other privileges established by law for railroad transport employees are retained for the employees of railroad transport enterprises (associations), organizations, and institutions who have been transferred to other work in this sector or who have transferred to other sectors of the national economy as the result of a work injury or occupational illness.

The chiefs of railroads are appointed to their position and relieved of their duties by the USSR Council of Ministers. Deputy chiefs of railroads and the chiefs of

railroad divisions are appointed to their positions and relieved of their duties by the USSR Ministry of Railways.

The USSR Ministry of Railways, together with the Railroad Transport and Transport Construction Workers Trade Central Committee, are obliged to take the steps needed to settle labor disputes (conflicts) before labor collectives appeal to the USSR Supreme Soviet for protection of their legal rights and interests in conformity with the Law of the USSR "On the procedure for settling collective labor disputes (conflicts)."

Article 12, Alternative 2. The labor and discipline of railroad transport employees

Labor and discipline in railroad transport are regulated by the Principles of Legislation of the USSR and Union Republics on Labor, by the Decree on the Discipline of Railroad Transport Employees in the USSR and other documents of labor legislation.

Railroad transport employees have the right to appeal to a court for protection of their labor rights which have been violated.

Characteristics of the work and rest routine of individual categories of railroad transport employees who are directly involved in providing for traffic safety and passenger service are determined in conformity with the laws in force by the USSR Ministry of Railways in coordination with the committees of sectorial trade unions.

The right to free travel by rail, pension privileges, and other privileges established by law for railroad transport employees are retained for the employees of railroad transport enterprises (associations), organizations, and institutions who have been transferred to other work in this sector or who have transferred to other sectors of the national economy as the result of a work injury or occupational illness.

The chiefs of railroads are appointed to their position and relieved of their duties by the USSR Council of Ministers in coordination with the councils of ministers of union republics. The chiefs of railroad divisions are appointed to their positions and relieved of their duties by the USSR Ministry of Railways in coordination with kray or oblast soviets of people's deputies.

The USSR Ministry of Railways, together with the committees of sectorial trade unions, are obliged to take the steps needed to settle labor disputes (conflicts) before labor collectives appeal to the USSR Supreme Soviet for protection of their legal rights and interests in conformity with the Law of the USSR "On the procedure for settling collective labor disputes (conflicts)."

Article 13. The language of official business correspondence and contacts in railroad transport

In railroad transport, official business correspondence and accounting, reporting, commercial, and technical

documents, telegraph communications, and legal and scientific and technical information, as well as official contacts using train and dispatch communications and other means of communication in enterprises (associations), organizations, and institutions involved in providing for train traffic safety and the transportation of passengers and freight, are in the Russian language.

Information and advertising in railroad stations, terminals, commercial offices, trains, and other places providing service to passengers, shippers and consignees, as well as the written names of railroad transport enterprises (associations), organizations, and institutions, are in the state language of the union or autonomous republic and the Russian language.

Article 14. Accounting and reporting time in railroad transport

In order to ensure the effectiveness of centralized management of an uninterrupted transportation process in railroad transport enterprises (associations) and organizations engaged directly in transportation, regardless of their location, Moscow time is established as the only accounting and reporting time.

Article 15. Relationships between railroad transport and union, republic, and local government organs

Republic and local government organs, ministries and departments, and public and other organizations do not have the right to intervene in railroad transport activity related to the transportation process or to divert railroad transport operations personnel to other work, except for cases stipulated by laws of the USSR.

In conformity with the Principles of Legislation of the USSR and Union Republics on Land, union and autonomous republics may grant railroad transport enterprises (associations) preferences in collecting payment for land.

Railroad transport enterprises, associations, and organizations make tax and other payments to state and local budgets in accordance with laws of the USSR.

The councils of ministers of union republics may grant railroad transport enterprises (associations) preferential taxes which provide incentive to improve the quality of transportation service and develop the social sphere within the limits of the taxes entered in the republic budget.

Construction of new mainline railroad routes (including social facilities) and the maintenance and development of a system of public health and educational institutions in railroad transport are provided for with union budget funds.

Construction of local rail lines, sections, overpasses, terminals, footbridges and tunnels, passenger platforms, and other facilities to serve the public of the region is provided for with funds from republic and local budgets and railroads' funds, as well as voluntary fees from the

enterprises and cooperatives concerned, with subsequent transfer to the railroads' balance sheet.

Financing of construction and compensation for funds that are lacking to maintain the metros are provided for by funds from the budgets of the union republics concerned.

Railroad transport is reimbursed from the budgets concerned for a decline in railroads' receipts related to the privilege given to individual categories of citizens for travel on passenger trains, including suburban trains, established by legislation of the USSR and union republics.

Article 16. Railroad transport's foreign economic activity

In organizing passenger and freight transportation by railroad and combined forms of transportation, the USSR Ministry of Railways is represented to foreign railroads as a single juridical person called "Soviet Railroads" (SZhD) and carries out foreign economic activity in transportation on the basis of international agreements and contracts.

Railroad transport enterprises (associations), organizations, and institutions develop foreign economic cooperation with the organizations of other countries, export (import) products (operations, services), and form a fund of foreign exchange deductions.

A centralized foreign exchange fund formed on the basis of stable standards from the foreign currency receipts for providing transportation and transportation-forwarding services may be established on a contract basis in the USSR Ministry of Railways.

If railroads incur additional expenses related to the transportation of goods which enterprises and organizations deliver for export, the latter deduct funds from the foreign exchange fund for the railroads in the amount of the additional expenses to transport the goods. The amounts of these deductions are determined on a contract basis.

Article 17. The responsibility of railroad transport

Railroad transport bears financial responsibility for harm resulting from the death or injury to a passenger when using the railroad unless it proves that the harm resulted from an unforeseeable accident or the deliberate intent of the victim.

Railroad transport is responsible to a passenger for financial losses resulting from a late passenger train, in a procedure and amounts established by the USSR Council of Ministers.

Railroad transport, shippers and consignees bear financial responsibility for failure to meet or for improperly meeting commitments for the transportation of freight in

the cases and amounts stipulated by the Railroad Regulations of the USSR. This responsibility should be equal and mutual.

Railroads have the right to demand the return of freight and baggage accepted for transport which is possessed illegally.

Passengers, shippers, and consignees are obliged make up for the losses which they caused for railroad transport property and the property of other individuals, for which the carrier bears responsibility in conformity with the laws of the USSR.

Article 18. Insurance for passengers, baggage, and freight in railroad transport

Passengers using railroad transport are covered by compulsory state insurance in a procedure defined by the laws of the USSR.

Voluntary insurance of passengers, baggage, and freight may be applied in railroad transport together with the compulsory state insurance. The rules for insuring passengers, baggage and freight in railroad transport are approved by the USSR Council of Ministers.

Article 19. Interaction with industrial railroad transport

Industrial railroad transport is intended for freight handling and other auxiliary transport operations on railroad sidings of enterprises (associations) in the national economy, as well as for industrial transportation at these enterprises (associations).

Enterprises (associations), institutions, and organizations which possess industrial railroad transportation develop and maintain it at a level to ensure its safety in operation and provide for efficient use of rolling stock carrying capacity, the security of their railcars, and adherence to the norms for railcar layovers established by contracts.

The relationships between railroad transport and industrial rail transport, as well as the procedure and conditions for the use of sidings and the turnaround of rolling stock belonging to industrial enterprises (associations), institutions, and organizations on general-use tracks, are determined by the Railroad Regulations of the USSR.

Railways Leadership, Performance Critiqued

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[Article by GUDOK correspondent Vitaliy Kurkov: "Thirty Days Without the Minister"]

[Text] Counting from the first people's commissar of railroads, Mark Timofeyevich Yelizarov, Nikolay Semenovitch Konarev is the 18th head of this department. On 5 July 1989, the USSR people's deputies expressed lack of confidence in him and did not confirm him as minister by a majority of votes. For exactly a

month, the sector was without a leader. On the eve of Railroad Worker's Day, 4 August, the same Supreme Soviet voted for Konarev.

What led to the vote of no confidence? The deputies' incompetence? The unconvincing nature of the excessive praise for the minister when he was presented by Deputy V. Kolesnikov? Or finally, the common resentment over "the passengers' trying experiences" which most of the deputies are unlikely to have sidestepped?.. But what pushed all this into the background for 30 days? What led to enlightenment such as this?

The argument that there was no better candidate in the entire country had been "laid out" by the KOMSOMOL-SKAYA PRAVDA economic columnist, P. Voshchanov, in the 12 August issue. He saw and showed everyone the loyal driving force of the authorities in the struggle for "their" ministers. My colleague did not name one railroad department, but the Ministry of Railways proved to be at the center of the most severe criticism. So indispensability has become superfluous. Then what?

Any assessments are subjective. Very likely the ears of a railway worker, like a woodcock in his marsh, will pick up at my remarks as well. But first of all, is my pain worse if the railroads are hurt? Secondly, I will also take different opinions into account.

1. "Our Locomotive" Was Being Driven By a Shoemaker

Back during the times of stagnation I began establishing the priorities for the people's commissars of railroads and ministers purely by chance or simply out of curiosity. I tried to seek out things from all kinds of sources...

I offered a list to my editorial staff. They did not accept it. At that time I was young and green in the journalist's environment, and they explained to me that any classification brings generalization, and generalization leads to conclusions. One was not supposed to reflect on things at that time, especially to make some generalizations on historical facts.

The years passed and a different time arrived when a great deal that was "impossible" before became possible. And they have published my list here. The readers were pleased, and the editorial staff also "dug up" lists of the tsarist ministers of railways. Reflection became even more interesting.

What characteristics arrested our attention? The ministers—and the people's commissars as well—first sit in their chairs for years and years, then you just have time to remember their names. And when is the replacement speeded up? When the state and its security are threatened, when the foundations of power are shaking.

The railroads were begun in Russia by K. F. Tol, the head of the Communications and Public Buildings Administration. It was changed to a ministry in 1865. At first the ministers were replaced with relative uniformity. But in 1906, and in 1915 and 1916, without fail.

What happened in these years? Wars and the first revolution, and then the eve of a new revolution. Nothing can be said about 1917—there were five ministers for part of the year!

It is characteristic that our time is essentially the same. But "their" five ministers in a year... The first people's commissar of railroads, Yelizarov, lasted 3 months. Rogov lasted 3 months. Kobozev 2 months. Nevskiy 8 months. Leonid Borisovich Krasin—one would think that stabilization began to take shape—lasted from 1919 to 1920. But there was Trotskiy for 9 months. Yermsh-anov for 4 months... Dzerzhinskiy comes to transportation in April 1921. For almost 3 years. Rudzutak replaces him after Lenin's death—for 6 years. Then the tragically well-known 1930's. And People's Commissar Rukhimovich, for example, is in charge of transportation for 6 months altogether. Andreyev lasted for a little more than 3 years...

The era of the "iron people's commissar," Kaganovich, in transportation lasted from 1935 until the end of the war year 1944. Though he turned over his post twice—to Bakulin in 1937 and Khrulev in 1942, each one for less than a year. These episodes did not change Kaganovich's transportation policy, however. The old locomotive engineers remember those years as a time of many changes in transport, of strong discipline, of old norms being broken, of sweeping Stakhanovite initiatives... The old men do not want to believe that now the people's commissar of railroads is a shoemaker by trade...

After the war, Kaganovich was replaced by Kovalev, and he was "turned" from a people's commissar into a minister. Beginning in 1948—and for nearly 30 years!—Boris Pavlovich Beshchev headed the Ministry of Railways. Here was a strong figure, and no winds would shake him. He retained the country's railroad network under Stalin, under Khrushchev, and under Brezhnev. Until 1977.

What is known for certain from this period? The railroads and stations destroyed by the war were restored. There were reports. There were holidays and labor victories. However, they didn't manage without lying, either. We believed everything then. Now things are being opened a little. I discovered one swindle quite recently on an assignment in Leningrad. It turns out that exactly 1,000 kilometers of track have been left unre-stored and abandoned on the October Railroad. Where are the second tracks, where are entire sections? Now this 1,000 is not enough...

There were rumors that Stalin liked to use Beshchev as an example for the other ministers, and later Khrushchev liked to use him as an example of modesty.. He did not ask for a great deal of money to develop the sector as many others did. He placed all the reserves "at the service" of the next five-year plan. And the seven-year plan, too. The journalist Mikhail Antonov, who is unlikely even now by many high officials in the Ministry of Railways, dared to compare figures. In 1940—under

the "iron people's commissar"—railroad transport's share in the country's capital investments amounted to 12.3 percent, but in 1986—under Nikolay Semenovitch Konarev—it was just 2.7 percent. Beshchev had forged this "fine" figure for all three decades.

Ministers also have their defenders, who say: they didn't give it. I don't believe it. They will not give anything to someone who asks for it for no particular reason, who cannot convince them why he needs the money. All the same, a person probably has to be quiet and agreeable to hold out in such a position for 30 years, and in three completely different eras at that.

But there was "something" under Beshchev as well, if the entire truth is told. One of the most significant "spurts" was the widespread electrification of the most important directions. If we had stayed with the steam engines with such traffic volumes, we would not be able to see the sky. But the technical reequipment was lopsided. The communications and signaling facilities, the automatic equipment, the cars and the tracks—all this was pushed somewhere, for the indefinite future. And when the electric locomotives replaced steam engines in driving the trains, the effect on transport did not turn out "for some reason." The undeveloped stations impeded the traffic in particular. They are the worst bottleneck on the railroads even now, by the way.

The stagnation also began in the social sphere at that time, in the 1950's and 1960's. Literally before their very eyes, railroad workers lost the previous privileges, and the locomotive engineers were turned—from the elite—into "simple workhorses." My grandfather was mistereengineer. My father, a steam locomotive engineer, fed a family of 11 children comfortably. My mother did not work. And I became an engineer with a wage one-third the wage of just 5 years earlier. For 10 years I knocked about temporary barracks. It had become possible for anybody to humiliate an engineer—a switchman, a watchman, a dispatcher. Such a forceful leveling brought casual individuals with black spots in their record, idlers, and rolling stones into the engineers' ranks. Many of the wrecks of today are on the conscience of precisely such engineers. And their trampled prestige is on the conscience of the ministers. Like priest, like people.

Nothing is eternal, and no one is indispensable. The minister who was the recordholder for longevity left for a well-deserved rest. The sector was led by Ivan Grigoryevich Pavlovskiy. From 1977 to 1982. The peak of the stagnation! We already know how they led the country—including transport—at that time. In 1982 transport proved to be on the verge of complete paralysis. And Konarev was named minister here. A man of specific action. Insofar as I have discerned his work style, when there is an equal chance for "pro" and "con," he gives preference to the risk, the action, rather than to staffs and commissions to "study the matter."

After receiving literally nothing better than before from Pavlovskiy, the new manager began feverish searches for

reserves. Computerization? Provide it for universal use! But it became apparent very soon that computers were being planted in unprepared soil in transport, and the desired effect did not germinate. They expected miracles from computers and computer centers, panaceas. But electronics was behaving like a meat grinder—no matter what "meat" was pushed into it, what it produced was sausage filler.

They saw another panacea in heavy trains. But the cream was skimmed off quickly here as well, and the heavy consists required extension of stations, better track, more skill for engineers and traffic managers, and all this once again turned out to be far from free of charge, but there was no extra money.

Then the notorious "Belorussian initiative" was born. Essentially this is a rehash of the Shchekino method that was "advanced" at one time of doing more work with less people. However, the fact that it could not be repeated on every railroad, and especially in assigned periods of time, was viewed by the ministry as a panacea once again. Cutting back on the "unnecessary" persons and dividing their wages among the ones that were left, and chiefly office employees at that, produced the opposite effect. Discord and dissension began in the collective, and former friends quarreled with each other. Under the guise of putting the personnel situation in order, they cut back the strong workers among the pensioners and advanced the young loafers and half-educated persons. Under this same pretense, they settled accounts with the ones who were objectionable, the innovators.

Transport was literally at death's door in the key directions and the major hubs. And the minister made haste, literally clutching at any idea which might pull out either his tail or his nose. He decided to load the cars with more freight than the scientists and designers had agreed upon. The bearings began overheating and the axles began breaking. Wrecks forced them to reduce the speed of such trains. The situation turned into a paradox—with just one overloaded car in a consist, the entire train travels at reduced speed.

Passenger trains are also running in this freight train hubbub—and they are late. A half hour to an hour, when there was one! Now it is 10 hours, or a day! You begin checking—well, there is probably something serious: a landslide somewhere or an avalanche, a broken rail, a strike, or even an attack on the train by armed extremists—and this happened! But in the majority of cases, it was nothing of the sort! Simply "this kind of traffic."

The minister is at fault for all this, of course. At least they are obliging him to answer for it. For the fact that he is also the head of the sector. But why do newspapers consider only the railroad at fault for everything? Take the lines at the terminals. After all, they still exist because there aren't enough railroad passenger cars. The

cars are made by another department, not by the Ministry of Railways. And it is not this ministry that is engaged in commerce abroad, buying the cars. Or this...

2. What Trivial Matters These Really Are...

Not all railway workers know that the bulbs for the headlights on electric locomotives are made by the same Saransk plant. Nothing surprising yet—our monopolism has proved to be worse than "theirs," generally speaking. So here is the plant. Perhaps they have their own problems? They may. Can a shortage of bulbs develop in the country? Naturally. As with blades, cigarette filters, and suitable electric trains. I have been tracing back this bulb problem for about 50 years. I saw how my father wrapped a bulb in a small bag so that it would not get broken accidentally. He traveled as the standby in the polar winter between Kandalaksha and Murmansk, and if it happened to be in the dark, his one hope under a starry sky or in the snow was that something was visible. He drove the trains himself, and he also took a risk—you travel in the darkness as if you are going into a corner.

The engineer has the right not to travel without a headlight. Grumble at the station, passengers, and curse the minister and the Ministry of Railways, but I will not drive the train until it is daylight... I am not exaggerating, and I realize the schedule is disrupted because of this as well. Moreover, I joined the struggle against the Saransk monopoly: I expressed all my thoughts on this in a report for my GUDOK. And what happened? I also heard this reaction: well, you realize that trains are stopped because of some bulb—and an iron hand is really needed in the Ministry of Railways. Haven't you understood where it is needed?

Late in the fall of 1989, at the peak of the headlight shortage, the worst possible wreck took place right in Tbilisi, and trains were unable to get to or leave there for a day because of it. There were other "trivial matters" there as well, including an engineer driving a freight train without a headlight. But the one that was proceeding ahead of him stopped. These were the "trivial matters"... A pile of mangled cars. It took an entire day to pull it apart. These are trivial matters, if you please.

When I wrote about all this and certain other "dark" encounters—in GUDOK on 22 November 1989—only the suppliers understood me. They said they sent this newspaper to Saransk and to the Gosarbitrazh [State Board of Arbitration]. I shrugged my shoulders—as if they did not know there why a night train needs a headlight.

And when winter came, something else piled up—derailed cars. Because of rotting ties and broken rails. During the summer the track repairmen spent their time sitting, and the track was poorly prepared for the winter. Is there no order in the Ministry of Railways? But you know, there probably really isn't. Because order should have been established in such a way that there was concern for the railroads all summer. They did not provide the rails or the ties, there wasn't any lumber, or

bulbs, cable, bracing, equipment, pipe... The track, the cars, and the locomotives, left without repair, do not provide for safe operations. Here we must say: excuse us, comrades, the line is closed. Just that way. But the Ministry of Railways is at risk by assuming all the blame for everything.

I am writing about all this later so that my colleagues at least know what is taking place and what to expect from the ministry in the forthcoming years.

I do not know if the Ministry of Railways is earning a great deal of foreign exchange for its transit service—there are still many secrets in our country—but if this currency is enough for at least electric bulbs, it would be a good idea to buy them abroad. But if there are many "no rubles," we can reject the Novocherkassk and Tbilisi electric locomotives—or else criticize them, curse them, and take them. Something made abroad will be more expensive, naturally. And there will be no other way for the ministry to regain what has been used up except to raise the fee for transportation and trips.

Now you will recall the passions that seethed in the press concerning the unprofitable metros, and how journalists struggled for their five kopecks. They were not shy about fabrications, either. They said that honorary railroad employees, among other preferred individuals, have the right to travel the metros free of charge. I am an honorary railroad employee, but I have never had such a right. But we must all be simply and calmly prepared for increased prices and tariffs on the railroads. Because our domestic industry, under the leadership of the STK's [labor committee councils] and in the name of cost accounting, is driving all the prices upward.

This is not to say that anyone is to blame on the railroads, only not the railroad workers themselves. Everything is the same here as everywhere else—they have their drunkards, their shirkers, their loafers and fools, including in management posts. Aside from GUDOK, there is no other newspaper where one has been able to read about all this, the "departmental" matters. But then, GUDOK also carries everything that deserves public attention and support. The unfair treatment of transport is offensive and seems abnormal—it is as if no one needs it. But everyone curses it precisely because everyone needs it.

The Railroads' Iron Curtain

The railroads' secrecy is even more far-fetched than anywhere else. In Novosibirsk I was caught "at the scene of a crime"—I was photographing the vicinity of a railroad bridge built during tsarist times from which the city itself was developed, in fact. The bridge had already appeared on all the postcards. Its details could have been photographed from a diesel vessel, down to the last rivet. And it is not needed by any saboteur—what a secret would be found. But you cannot! Prohibited by instructions.

In several more years we were filming for Central Television at the Inskaya station. We had a hard time! A person in civilian clothes came to warn us—no more than six tracks get into the shot. Why six?

Several years later we were making a new film in Barabinsk. About advanced experience once again. There was an eerie fog early in the morning. We were hurrying to film a train emerging from the "soup." Very pretty. A militiaman had just taken aim from the footbridge. Not allowed!

A diagram of the railroads—the layout!—they have now hung it in the terminals, but until recently it was considered...secret. And God forbid that we write in an article how many trains had departed. And especially what they carried. I myself spoke at important conferences, and said: if I were an enemy and I needed your trains, I would lie down on the grass in a suburb and count the consists. They told me seriously: lie down and count, that's your affair, but taking pictures of combines on flatcars at a station is prohibited. Then we altered the film at Inskaya: we called it "Night Shift" and photographed only at night, so that there was nothing farther away to see. The movies!..

So it was precisely under Konarev that this iron curtain just began to be lifted a little, with a squeak. A special directive was written—meet with journalists and talk with them. Every so often a press conference will be held in the Ministry of Railways. On the periphery, the chiefs of railroads and especially their divisions, are still wincing—well, how will you say this secretly. It is not 1937, but it is terrible.

Some high commanders no doubt know what is being transported. But the one who is transporting it has no idea what it is. In Arzamas it got off with a jerk. Then in Sverdlovsk. In Yaroslavl, some tank car had sprung a leak—what is leaking, what does it smell of, how is it dangerous to people? A big secret. In Sonkovo—not far from Moscow and Yaroslavl—there was a wreck and a tank car had caught fire. A person would not have been burned if they had known what was burning there and what to extinguish "it" with. But after all, the firemen came in their own railcars. But they didn't know what was burning. A secret.

When the chairs of numerous high officials were staggering after the worst wrecks in Koristovka and Kamen-skaya, figures were given at one of the press conferences on the number killed in train wrecks compared with the number in highway accidents. Such a comparison is ridiculous, but what can be done if public opinion was aimed at the Ministry of Railways. So figures were cited, rehabilitating the railroad workers somehow, generally speaking. But they were not cited for the press. Absurd! Highway transport workers and the GAI [State Motor Vehicle Inspectorate] are not keeping these tragedies a secret, but the Ministry of Railways is. When the veil was lifted slightly, one absurdity was revealed precisely by journalists. A kind of postscript... Quite a few few people

are being killed, and frequently, at railroad crossings, unfortunately. It is almost always the driver's fault here. And the highway workers and the GAI are recording these tragedies. But it turns out that they are being registered by the railroad workers as well. And somewhere within the Goskomstat [State Committee for Statistics]—or whoever is counting those who have been injured and killed on the highways—the same incidents are being multiplied by two.

Glasnost is not mischievousness, not an idle curiosity. If it is basically businesslike, it also serves a purpose.

In those 30 days that the Ministry of Railways was without a formal head and under the influence of the discussion of Konarev for this post and the rejection of confidence, there was unbelievable and almost instantaneous insight in the mass media: journalists were imbued with an awareness of railroad truth. And the same traffic jams of cars and containers in short supply at the stations in major cities were not being depicted as "railroad disgraces." The true culprits were found and named. And it is typical that the culprit that was indicated exactly began to move more energetically.

Or the strikes. In the North or the South—they disrupted the traffic schedules. There was a flow of empty cars to the Kuzbass or Vorkuta from all over the country, but the mines had stopped there and there was nothing to be transported. How is this production stopped? Where do we put the surplus cars which keep coming and coming under their own momentum?

After striking, the miners go back to work. The shock work begins. But you cannot double the norm for cars—it simply cannot be taken by the open lines and the stations. We are not so rich that surplus consists can make use of some kind of tracks in reserve. Many journalists are beginning to realize this. Not all of them, however. And when a blockade or a strike is over, for some reason it is believed that the railroad can simply "take it in"—let it operate now. But it will not make the turns needed right away.

That heated discussion about Konarev at the Supreme Soviet session will probably be of benefit as well. Pass the appointment quietly and peacefully, as it was in past years—by a list, and everyone would curse the ministry and its people—from the conductor and cashier to the minister. So in these 30 days we learned so much that is "interesting," that it is enough for reflection for many years.

What else did the railroads' iron curtain interfere with? It did not permit an unbiased view from outside. But the system's defects when viewed from within do not appear to be defects most of the time. What should we have been looking at particularly intently from the outside?

The structure of the railroads' management, for example. Industry is creaking, but it is ridding itself of the units of management and excessive offices, all the same. The railroad workers also have the will. Especially as they are

dropping hints. They criticize others for their three levels, but there are four in the Ministry of Railways! The ministry, the railroad, the railroad division, and the enterprise.

Look at how I, as a railroad man, am reasoning. We have nothing without the Ministry of Railways. The railroads are united, there is a common schedule—a poor one, but it is a schedule. There is this specific detail: despite the time zone differences, the trains go right to the Pacific Ocean according to...Moscow time. Otherwise it is impossible. Otherwise there would be confusion... Next, the railroad. There are 32 of them in the country—it is no secret! Huge associations with 100,000 to 200,000 employees. And covering vast territory. If the ministry begins managing train traffic without the railroads, I doubt there will be enough attention for all the divisions—about 150 of them. The divisions are also needed—they most often follow the outlines of oblasts or even small republics, by the way. Well, next are the enterprises—how do we deal with them? The depots, stations and subdivisions are also collectives, some with up to a thousand workers or more. Incidentally, the ministry would not eliminate them without outside pressure, all the same, calling them structural units. But the enterprise is a division of the railroad. There is more harm than benefit from this. They have now realized this and are going into reverse here and there.

So the railroad workers are suffering, too—as if they themselves realize that there are many offices and the commands often go there and back like the garbled version of a game, especially as we know how poor our communications are, too. But it appears that the four-unit arrangement has been ground in by life itself and there is no alternative. It seems so, and that's that. However, an idea for a new structure may emerge with a well-wishing fresh look.

Or there is this contradiction—where to draw the line between unquestioning execution and democratization. Whatever may be said, transport is closer to the army than to industry. The dispatcher gives the engineer the order to go, but he, as an example, answers that he must telephone his chief for consultation—whether he is to go. You think this does not happen? All the time! In the struggle for traffic efficiency and so that each train has the maximum weight, the chiefs of certain railroads “have tied” engineers to their control. They say refuse the train if it is not full weight. After all, the station decides what is more advantageous for the traffic—to release a consist without one car or to wait. The engineer is not informed of this. If they opened a signal for him, it makes no difference that they gave the order to depart. But he has gone to the telephone to “curse.”

The elections of managers are of the same order. Like the inclination to elect a mild, kind, person who is agreeable to every ordinary employee. But the one chosen must manage the work and give effective orders which must be carried out without delay. But how can some loafer be pleased here if he voted just for a kind person?

And the problem of problems—the inconsistent party membership and extraterritoriality of the railroads. Almost all the managers of any rank in a railroad administration are communists, as an example. And they realize what party discipline is. And for them, the party obkom is the party obkom. Previously there were direct commands—this way and that way. Now there are recommendations. Unobtrusively such, but recommendations. Here is the inconsistency. The obkom has its boundaries—the oblast. And accordingly, its interests are in its territory. But the railroad's territory is five oblasts. Or even 10. And after all, you also are making up your mind—how something should be done or how it is better to do it. There is no question that ties are necessary between party committees and production collectives. This is also our position at present. And there seems to be nothing bad in these ties. But what do we do about the specific nature of transport and its extraterritoriality? At one time there were political departments in transport. In some respects better, in some respects worse. It is also difficult to determine from the inside how best to manage and interact, after all.

The matter involves far more than ideological tutorship here. The party obkom, in one form or another, is responsible for its “territory,” all the same. The railroads' concerns extend farther. I will cite one example—almost a classic one. A long time ago there were some problems with electric power in Siberia. Strict limits were set for everyone and deviations were punished by turning off the power. But the Kuzbass miners had been called upon to produce coal above the plan. They produced it. So extra trains were running. And although the engineers kept within the norms for power consumption, the limit for the Omsk Division of the West Siberian Railroad turned out to be exhausted ahead of schedule. And the Omskenergo proceeded to impose sanctions. I was a witness to the railroad chief's conversation with Moscow, with Omsk, and again with Moscow. The power workers, of course, were not allowed to stop the Trans-Siberian Mainline. But this was the argument: everything is equal here, including the railroad, and the oblasts do not need your above-plan trains. This is just one example of the frequent conflicts between territorial and state interests.

Well, Concerning the BAM [Baykal-Amur Mainline]

Just a little about the BAM. Although for some reason it is believed here that everyone knows everything.

On 23 November 1989, under the rubric “The Idea F. ir,” a comprehensive article was published in GUDOK entitled “The Intercontinental Mainline.” And here was the diagram. From Tynda on the BAM to Yakutsk, a dotted line for the railroad under construction, and farther through Magadan to Chukotka and—to the corner of the continent at the Bering Straits. And there—by bridge or tunnel—to Alaska, and farther, to Canada and America... How?

The most unexpected secret of this idea is that the next construction project of the century was thought up at the end...of the last century. And it was technically feasible even then. And negotiations were held with foreign firms, and we already had our own experience—trains had just traveled over the Trans-Siberian Mainline, which the world public had christened the eighth wonder of the world. The railroad already had a name—the "Paris-New York Supermainline."

An interesting article—both as new knowledge of our history and as the prospect for railroad construction projects. I have recalled the article in order to reaffirm the fact of the BAM's final rehabilitation by the public...

On 25 November, PRAVDA's first page had a set of two photographs taken on the BAM by M. Skurikhin. And this was the text under the photographs: "The longest monument to the era of stagnation..." How many sarcastically witty labels have been attached to the BAM in recent years! And how short the distance between the laudatory glorification "construction project of the century" and its degradation... Do those who revile the northern mainline realize that our country and its remote territories will not budge without new railroads... The construction of a new railroad should be accompanied not only by enthusiasm and tributes, of course. And we must speak and write openly about the allegation that it was made poorly, on an off chance, and was put into temporary operation on permafrost. High standards will not detract a bit from what has been accomplished...

Propagandist-lecturers of the first BAM years brought a map of the country with them depicting the future railroad lines—very secret, of course. And they said: The BAM is only the beginning. And the lines were drawn in this way. From the BAM to Yakutsk, now under construction. Farther, to the Bering Straits and America. Then from Vorkuta along the shore of the Arctic Ocean through the Urals, through all of Siberia, and again to Chukotka.

Our expanses really cannot do without the railroads. And it was necessary to begin the BAM. The idea for it also goes to the last century, and surveys and a timid beginning were made in the prewar years. So what is the difference if it is two decades earlier or later? And the fact that the BAM is unprofitable is normal. They build a plant or a mine for some reason and the planned capacity is developed in years, not right away. The railroad is not a plant. It is more complicated. And it will not get beyond its childhood if it is not built. So we must not wring our hands and "hang" the railroad with its normal losses on the railroad workers.

It is better that we remember the euphoria of the first years, when the wealth of the BAM zone was depicted by Mendeleyev's entire table [of elements]. After all, it is that way—the land is fabulously rich. But who has come to the BAM to "plow?" Far from Moscow? Cold? Not

enticed by the gold and semiprecious stones? This is exactly the way it is—just as some were crying excitedly, others are running it down.

It is typical: a final enlightenment has also come to the BAM's assessments in these same 30 days that the sector has been without a minister. They remembered: yes, we went to extremes—it is not that the railroad workers are not at fault here, but they are also losing millions on the BAM that were earned on other railroads. And the sooner that proprietors are found for this zone and the BAM is provided with its freight, the sooner the mainline will be profitable.

Let us return to the future project of the Chukotka line. If this article had appeared a half year earlier, let us say, what would have been started! "They—that is, the railroad workers—cannot make the BAM work, but they already have big ideas for new billions." Or even more scathing. But after all, it must also be built thriftily—you complete one line and begin another one to the music of silver spikes. After all, if such building power were established, if builders worked this way, they would not be allowed to come out of the cold and depart. On the contrary, it did not turn out. The line to Yakutsk did not take all the BAM workers—it was not necessary. And when it comes to the new pioneers, there will not be enough veterans of the severe Siberian construction sites.

Very likely we are not aware of our strength, the potentialities of the press. After all, we eulogized the BAM and the country hummed with songs. Someone cast the first stone at the construction project of the century, and started the ball rolling. "The longest monument to the stagnation" was our journalistic label.

And Konarev was not "rolled by" without our participation the first time. Well, Deputy V. Kolesnikov had tried too hard and overpraised Nikolay Semenovich so much that he unintentionally provoked a paradoxical reaction. Another deputy, S. Khadzhiyev, knocked out the aspirant with the lines at the terminals. But the censure was begun the day before by IZVESTIYA. On 4 June, under the rubric "An Urgent Letter," 36 railroad workers from Ulyanovsk ask and hint with the headline itself—"Where Is the Ministry of Railways Rolling?" I do not believe in coincidence (that's like a piano in the bushes)—the next day the minister's confirmation is announced, but today it is "Where Is the Ministry of Railways Rolling?"

All right. A month was enough for the deputies to gain an understanding of where the railroad is really going. And those same journalists helped to find the reason why it is rolling. Some even ventured to make predictions—where we will get to with this sector if we peacefully enjoy ourselves this way and hit someone when he is down. Every cloud has a silver lining. The insight and understanding are reassuring.

But I want to conclude my article with this. I suggest that history be recalled—why our different people's commissars held other posts as well... pluralistically. Dzerzhinskiy did not abandon the ChK [Cheka] when he began heading the NKPS [People's Commissariat of Railroads], and Kaganovich was a Politburo member... What was more important in these two workloads—interference with the work or greater opportunities?

When Armenia was struck by disaster and the country came to its aid, the flow of trains poured forth. And everyone came together on the North Caucasus Railroad and literally stopped up the mainline. I was thinking at that time—if he had been our minister, well, and deputy chairman of the government additionally as a minimum, he would not have simply placed the sector before the fact—take everything here, but he would have dictated to the shippers: where and what, and in which sequence, and what kind of plans and schedules are needed so that the assistance is not hasty and spasmodic, but business-like, vigorous, and measured.

How to imbue our title with the appropriate content is another question. The Ministry of Railways is only a ministry...of the railroads. Other "ways" were gradually taken away and became independent sectors. Such division hampers the work—the newspapers have noted this more than once. But their unification is restrained by the fact that each form of transportation has been turned into such a cumbersome thing and is so specific that you wonder how all these means of communication can be united in one national economic system.

A good idea, but difficult. However, in order to not to disrupt the process of awareness that there are railroads and means of communication, we should probably keep the idea of unity in mind as well.

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March Rail Performance Statistics Cited

904H0181A Moscow GUDOK in Russian 6 Apr 90 p 1

[Unattributed article compiled from materials of the MPS [Ministry of Railways] Statistical Administration: "Sector Operations in March"]

[Text] Rail transport fulfilled the plan for total shipments of national-economic freight in March as in February, having improved the quality indicators for product mix appreciably. This made it possible to reduce the state-order shortfall by 1.3 million tons. Out of 14 product types, there was only a lag of 709,000 tons in timber freight, 259,000 tons in chemical and mineral fertilizers and 100,000 tons in fluxes.

The trend toward an improvement in the organization of shipping proved to have a positive influence on the results of sector operations in the first quarter. This proved insufficient, however, to cover the shortfall from January.

The shipping plan has been underfulfilled by 3.3 million tons, or 0.3 percent, since the start of the year. The lag in state-order freights totaled some 6.5 million tons therein, principally timber, chemical and mineral fertilizer, petroleum and petroleum products and coal.

Overall shipping volume dropped by 31 million tons compared to the corresponding period of the prior year, and 84 percent of that value was for the products of state orders.

The shipment of freights planned in the local areas was supported at a higher level. More than an additional 15 million tons of construction freight along with a million tons of sugar beets and seed, half a million tons of chemicals and soda, 250,000 tons of potatoes, fruits and vegetables and 25,400 railcars with foodstuffs were shipped.

The shipping plan was handled by 20 railroads. They delivered more than 10 million tons of freight over and above the plan targets.

At the same time, the largest freight shortfalls were on the Azerbaijan (3.8 million tons), Sverdlovsk (about two million), Kuybyshev (1.5 million), Kemerovo (1.4 million), Tselina (1.3 million) and Far East (1.2 million) railroads.

There have been no improvements as yet in the utilization of rolling stock. Railcar turnover for the system slowed by 3.1 hours, and the target was not met by some 6.7 hours. Only seven railroads were able to ensure its realization. The average train weight was down 37 tons versus the first quarter of 1989.

The nominal target for freight turnover was not met by 3.5 percent. State orders for passenger transport were realized at 100.4 percent.

The target for labor productivity of the workers engaged in shipping was covered by 1.2 percent. This indicator, however, was 4.9 percent lower than the first quarter of 1989. The cost of shipping was 0.8 percent higher than planned. Some 88 million rubles of profits over and above the plan were received.

Collegium Examines Rail Performance

904H0181C Moscow GUDOK in Russian 6 Apr 90 p 1

[Unattributed report: "At the MPS Collegium"]

[Text] An expanded session of the MPS [Ministry of Railways] collegium with the participation of executives from the railroads and a number of divisions was held on the evening of April 5.

The report of the chief of the Ryazan Division of the Moscow Railroad, Hero of Socialist Labor and Doctor of Technical Sciences V.T. Strelnikov, on incorporating the achievements of scientific and technical progress and advanced technologies, making it possible for the collective to achieve good results under working conditions,

was received with great interest. The importance of the broadest possible dissemination of this experience and the progressive technologies developed here on all the railroads and divisions was emphasized.

First Deputy Minister of Railways G.M. Fadeyev gave a report on the fulfillment of the shipping plan in the last quarter. The reductions in shipping volumes, non-fulfillment of plan targets, worsening qualitative indicators of the railroads and enormous quantities of unshipped freight at the enterprises of the national economy are eliciting major concern.

Deputy Minister of Railways G.I. Kozlov depicted the alarming situation in ensuring the safety of train traffic.

The collegium also heard the explanations of the chiefs of railroads that have lagged far behind the shipping plan, disrupting the regulatory targets and thereby putting the mass-shipment railroads in a difficult position. A number of executives of the main lines were warned and strictly reprimanded for violations of plan and technological discipline or traffic safety.

The MPS collegium has planned a whole set of measures aimed at the unconditional fulfillment of the shipping plan for the second quarter, a rise in the quality and efficiency of operations and the assurance of train traffic safety.

USSR Council of Ministers First Deputy Chairman L.A. Voronin spoke at the session.

Taking part in the work of the collegium were V.A. Tetenov, chairman of the USSR Supreme Soviet Commission on Transport, Communications and Information Issues; A.N. Bevzenko, deputy chairman of USSR Gosplan; A.P. Bochkov, deputy chairman of USSR Gosnab; K.V. Kulayev, head of the Department of Transport and Communications of the USSR Council of Ministers; I.A. Shinkevich, chairman of the central committee of the trade union of workers in railroad transport and transport construction; and, people's deputies and senior officials of a number of ministries and agencies.

Railcar Maintenance Issues Scored

904H0181B Moscow GUDOK in Russian 4 Apr 90 p 2

[Article by V. Myamlin, chief of the railcar-facilities service of the Dnepr Railroad, Dnepropetrovsk, under the rubric "Problems and Discussion": "Is the Life of a Freight Car Too Long?"]

[Text] Freight-car utilization has increased significantly and reached a magnitude unprecedented in either domestic or world practice. If we add to that the difficulties in material and technical supply that are growing more aggravated with each month, it becomes clear how difficult it is to ensure the good working order of the railcar fleet today.

The freight cars are practically the sole piece of equipment which, while on the balance sheets of MPS [Ministry of Railways], are used by all the enterprises of the country. A railcar is loaded 70-100 times a year, and unloaded the same number of times. And it is damaged in these operations almost every time. True, in some cases this damage is overt and the railcar, like it or not, has to be sent for repairs. But the damage is most often not noticed and accumulates, and over time the railcar becomes unsuitable for loading. And there is no specific guilty party, or more precisely, it is now impossible to find him.

That is how it happens that a certain quantity is damaged according to the reports, while ten times more than that have to be sent for repairs. Some 550,000 railcars are overhauled in a year on our Dnepr Railroad alone. And that number is constantly increasing. The repair base is being very poorly developed. We have adapted somehow and done what we could in places where it could be modernized, and we have incorporated progressive technology and various adaptations and devices.

But all of this is too little today. We have reached a dangerous point. The overwhelming majority of our depots are of the island-platform type. They put them anywhere around the station track. Buildings that have served for many decades are falling apart and becoming hazardous from old age and constant jarring. Most of the machining equipment is physically and functionally obsolete. Bridge cranes that have served for 15-20 years break down constantly, and there are no replacements. Compressor installations of an even more respectable age (25-30 years old) have dropped sharply in productivity and are really only suited for a museum of old technology.

Many PTOs [technical inspection points] and railcar loading-preparation stations are located dozens of kilometers from the depot, and there are no vehicles or tractors. The ones we have are in a decrepit state, and there is often not enough gasoline either.

A critical situation has taken shape with material supply. A railcar is operated very intensively, and that means that more materials are required for maintaining it in workable condition. We are receiving, on the contrary, less. Our requisitions are barely half filled. Allocations are reduced year after year and are roughly 70 percent of the norm today. And they are not all underpinned by state orders, and are often far from completely backed up by goods. In 1988, by way of example, the railroad was undersupplied by some 5,000 cubic meters of railcar lumber. That is 30 percent of allocations. The situation has grown worse this year.

Our depot is constantly experiencing a shortage of lumber, gas lines, electrodes and metals and is periodically short of wheelsets. The balance of defective railcars on the railroad is increasing as a result. We have on the order of two to two-and-a-half thousand of them every day. The total number is coming close to a million over

a year. There is no need to prove how much these losses are being felt. But the traffic supervisors complain that there is not enough working fleet.

We often have to hear that we have as much timber in the country as you could want, but there is no way to ship it out so as to process it and deliver it to consumers, the railroad workers are not sending the railcars. A kind of vicious circle results. The timber is not shipped because the railcars are not in working order, but they cannot be put into shape because there is not enough lumber. Matters have reached a point where flatcars are standing idle with ragged floorboards while timber is even being shipped in boxcars, as well as gondola cars, damaging them all the time.

A sensible owner would probably find a simple way out—issue lumber to the railroad workers first and foremost and in full volume. You can't cut the branch you're sitting on! Of course, we must also think about strengthening the floor coverings, studying foreign experience in this matter.

The boxcar situation is especially troubling. Cement, limestone, soot, mineral fertilizers (in bulk) and poultry are shipped in them, and then they are sent to ship grain or foodstuffs. They cannot simply be sent, of course. They have to be prepared and washed. Far from all of them would satisfy health-safety and hygiene requirements. Only 10-15 percent of them are suitable for loading after washing. The rest have vile odors, shards of broken glass etc.

And what does the washing cost? So many people are engaged in this thankless and dirty work! So much potable water is consumed! And what a negative effect the runoff has on the ecology! I am sure that a large part of our washings will be closed down with the development of the "greens" movement.

The way out is obvious—the further specialization of the railcar fleet. We should delineate a certain portion of the best railcars especially for the shipment of foodstuffs and other non-polluting freight. They should be given special numbering, and those who try to send them for polluting freights should be strictly punished. I have talked about this with the executives of the ministry, but I have gotten no support. I am sure that life will force us to make that decision all the same. So it is better to do it sooner.

Railroad transport, and its railcar facilities in particular, has proven to be in such a grave situation because its role has clearly been underestimated in recent years. The essential funds and material resources have not been allocated, and the prestige of the railroad professions has in fact not been upheld. Here is the result.

We are not angels, of course, we have more than enough shortcomings ourselves. There are things for which to criticize us railroad workers. First and foremost, probably, for the slackening of labor and technological discipline. It is for us to put our own house in order. No one will do it for us.

Here in the Dnepr Railroad we are trying to make use of all opportunities to raise the quality of overhaul of the rolling stock. Our efficiency experts have prepared and proposed no few innovations. A new generation of railcar-repair machinery has been created, and progressive technology has been incorporated at the depot and at the PTOs. We now have some process tooling that operates in automatic mode with numerical control in the roller-bearing shops, which is significant in the conversion of the railcars to modern bearings. The overhaul of expensive parts using overlays has been set up. We were helped here by specialists of the Institute of Electric Welding imeni Ye.R. Paton of the UkSSR Academy of Sciences. We ourselves have begun to make gantry cranes that are not supplied by industry. We are in general not sitting around with our arms folded.

But the railcar facilities will scarcely be able to handle their increasingly complex tasks without assistance, without the most active support from above. And we are hoping first and foremost for the more intensive renewal of the railcar fleet. We cannot mend the old forever. Decisions of state are needed here. I cannot believe that with conversion we cannot find the metal and capacity for a sharp increase in the production of modern freight cars.

Rail Sector Technical Progress, Shortcomings Cited

904H0181D Moscow GUDOK in Russian 6 Apr 90 p 2

[Article by N. Davydov: "Wishful Thinking and Reality—Notes on Technical Progress"]

[Text] I once heard a story by a specialist who had gone on a business trip to the United States. They showed him an enormous shop at a major enterprise where, despite the high level of automation, there were more than 500 workers. The technical supervision of this whole facility, as it turned out, was accomplished by a single engineer, two shift foremen, an industrial engineer and a secretary. The engineer moreover had just one job—to propose new technical or technological solutions. The executives of the firm explained that if just a couple of worthwhile ideas occurred to him over a year, the engineer's high pay was entirely justified and the firm would have plenty of income as well.

I recalled this story recently when the operating experience of a railroad design- and process-engineering bureau [KTB] of the West Siberian for the development and incorporation of new technologies and equipment for the mechanization and automation of production processes was being discussed at a collegium of the MPS [Ministry of Railways]. More precisely, the staffs of these bureaus—not only on the West Siberian, but on the 26 other mainlines where they had been created—were cited: from 30 people at the South Urals to 125 on the Sverdlovsk.

Seemingly a pretty respectable army of specialists whose efforts are concentrated on the creation of machinery,

devices and attachments for the most backward areas and technologies. Many KTBs have now existed for two or three years and, as was noted, they have correctly determined the thrust of their activity. They did some 5.7 million rubles' worth of work last year alone. Some 48 innovations with an anticipated economic impact of about 2.8 million rubles have appeared on this same West Siberian whose experience was being discussed at the collegium. True, just 524,000 rubles of the the installations for the replacement of track crossovers, the delivery and unloading of towers for the catenary system, snowblowers, machine tools for the unreeling of catenary wire and the other innovations have actually been manufactured. The impact that has been achieved is awfully small if you take into account that the value of the fixed capital on railroads is approaching four billion rubles. And that is at a time when a third of the workers of the mainline are engaged in manual labor.

Just what is going on? Why are even the best design- and industrial-engineering centers not providing a more substantial return?

"We have learned how to plan the work of engineers, but we cannot create decent conditions for them," said the chief engineer of the West Siberian, B. Starchous. "We are stingy with the money, the production accommodations for the experimental-design operations are inadequate, and material and technical supply has not even been set up..."

It is no secret to anyone today that the wages of engineers in transport (a little more than 200 rubles at the KTB) do not serve as an incentive for creativity. Any skilled worker gets a minimum of one and a half times more. Is that not why proposals have been heard, albeit timidly, on the necessity of seeking out methods of economic incentive for engineers engaged in creative work? Including to attract the needed specialists from other sectors of the national economy.

One concrete way of solving this problem, feels the chief of the South Urals KTB, T. Vysokovskiy, could be the creation of quotas for experimental-design and experimental operations in the Main Technical Administration of MPS. They should be expended today, in his opinion, first and foremost for the overhaul of the railcar fleet and the mechanization of routine track maintenance as the most neglected by technical progress.

The necessity of envisaging the creation of centralized allocations for scientific and design developments in one form or another is maintained by virtually all of those who spoke at the collegium. The majority concurred on the fact that the problem of increasing the traffic and handling capacities of the railroads is most acute as regards the priority directions of technical progress. Where do they say the KTBs must be oriented for the elimination of the narrowest bottlenecks on each specific mainline? Rail transport, after all, is treading water or

has even slipped somewhat of late according to such important indicators as average train weights, static loads and line speeds.

While there is one engineer for 500 workers at the aforementioned American enterprise, the ratio for transport here, it would seem, is many times more preferable. Take any depot, plant or even line interval. Not to mention the collectives of communications workers, where practically one out of three holds an engineering degree. And that is without allowing for the enormous army of specialists at VNIIZhT [All-Union Scientific-Research Institute of Rail Transport], VZIIIT [All-Union Correspondence Institute of Railroad Transportation Engineers], the sector KBs [design bureaus], the PKTBs and those same KTBs whose activity was being considered at the collegium.

The widespread circulation of engineers has for some reason not become a qualitative feature of progress, however. And the insolvency of the principle of "The more, the cheaper" was confirmed long ago, but we in no way want to repudiate it. And it is naturally not just a matter of an inability to create conditions for the uncovering of talent. Although, say, that American engineer has long not had not only a drafting board, but even a computer. They feel that a clean sheet of paper and a pencil are entirely enough for him. Less skilled and accordingly lower-paid workers are charged with drawing up and computing any of his ideas.

And it is quite comical to compare the process of incorporating innovations there and here. Why do you think that the Siberians have been able to incarnate only a fifth of their developments, even that in solitary prototypes alone? The experimental-test base is too small, and they have to spend months shaking loose the necessary materials and equipment. That is why the projects called upon to ease or eliminate manual labor entirely are gathering dust on the shelf.

And wasn't it offensive for the inventors of the developments offered for the test jigs and all the participants in the collegium to hear the reproach of the minister that, as he said, a considerable portion of the systems, complexes and flow lines could have been made and incorporated as early as the last five-year plan? I think that is an exaggeration anyway. Our inventors have to demonstrate their correctness at such scholarly and not-so-scholarly councils before the idea breaks through the fence of reviews and judgments. There is a multitude of such examples. Our ideas are moreover often successfully incarnated overseas, and we pay in hard currency for the returned innovation.

One of the speakers at the collegium used a virtual aphorism: "We feel the spirit of creative inquiry at the collegium." It is difficult for either the engineer or the journalist to agree with this, an attempt to pass off wishful thinking as reality. Dozens of reports were heard from the leaders of the KTBs, seasoned with self-advertisement and self-criticism to greater or lesser

extents. It became clear that there is an almost complete lack of coordination of action among the railroad bureaus, the scientific-research institutes and the Main Technical Administration. The institutions of higher transport education—with the sole exception of the KhablIZhT [Khabarovsk Institute of Railroad Transportation Engineers], where there is a small design-engineering group—take no part whatsoever in solving the problems of scientific and technical progress. And the measures projected by the collegium are unable to alter fundamentally the utilization of the scientific potential of the sector—chiefly because they are founded on limited investments in an inordinately ballooned design-engineering body.

A strategy of incorporating the achievements of scientific and technical progress and robot technology was planned several years ago, also at a collegium, and 27 priority scientific topics were delineated. It was proposed that a sharp spurt forward on the path of the practical incorporation of progressive technologies and equipment for the mechanization and automation of production would succeed thanks to the realization of that program. They prefer not to recall that today. But we must go back at least to specify what the millions of rubles that are coughed up from the MPS budget each year are being spent on. The time has long come to analyze how effective these investments have been and to conduct a detailed inventory of assets in accordance with the demands of the modern day. It would do no harm to double or even triple the engineer staffs at the laboratories, bureaus and institutes that produce practical benefits. And convert organizations without plans to economic accountability. Let them prove the necessity of their existence through deeds.

Loaded Railcars Clog Port

904H0181E Moscow GUDOK in Russian 10 Apr 90 p 1

[Article by GUDOK correspondent S. Ponomarev: "The Railcars Have Dropped Anchor at the Ports"]

[Text] *A catastrophic situation has taken shape at the beginning of April at the port stations of the Far Eastern Railroad. Thousands of railcars with coal, timber and other export or transit freights are standing idle, and there are as yet no hopes for improving the situation.*

Some 93 railcars are in their third month of waiting at the port of Vladivostok, for example, with motor vehicles for Kamchatka. The port workers are not hurrying to free them up. "There are no ships, and the berths are occupied," they explain. The daily target for the unloading of rolling stock with timber at the ports of Vanino and Nakhodka have not been fulfilled more than once in recent weeks. Six gondola cars with TSSh coal delivered from Novokuznetsk have been sitting at the port of Vostochnyy since last year. It turns out that a story months old is being repeated, when the local

railroad workers were forced to seek customers independently for the solid fuel intended for export but not accepted by the foreign agents.

The workers of Minmorflot [Ministry of the Maritime Fleet], in refusing to unload railcars, find a multitude of excuses, including patently contrived ones. Say 63 railcars arrived at Nakhodka with metal for Thailand... "The plan coordinated by our ministry with MPS [Ministry of Railways] says that the shipper of the metal is the Ministry of Foreign Economic Relations [MVES], while here we are talking about the Energomasheksport [Power Machinery Export] Association. So the freight is not in the plan," the port workers say.

What is this—naivete? It is not difficult to ascertain that this association is a subdivision of MVES.

We could continue with examples of this sort. Their essence is the same: an effective mechanism of economic sanctions that could force the parties to fulfill the obligations they have taken on is lacking. The USSR Council of Ministers 11 Jan 90 decree increasing the penalties for idle railcars by five times does not extend to the port workers—they are neither freight shippers nor freight recipients. They can thus hold onto rolling stock for a month, or six, paying 20 kopecks an hour per railcar the whole time.

But the railroad workers usually do not receive even those scant funds. The bodies of Gosarbitrazh [State Board of Arbitration] prefer to relegate the damages to the accounts of the stations and railroads whence the freight came, and they in turn relegate them to the enterprises that shipped the freight.

"We send out a multitude of telegrams to various addresses with the request to halt the dispatch of freights not coordinated with the plan, but we get back either perfunctory replies or assurances that mean nothing," says the deputy chief of the Nakhodka-Vostochnaya Station, S. Svinolupova. "And we are not happy about the directives of Deputy Minister G. Fadeyev and the Shipping Main Administration Chief and Deputy Minister A. Sidenko on exacting fines from the shipper railroads. That money goes into a centralized fund all the same."

I will say in all fairness that the workers of the Far Eastern are not entirely without blame either. The difficult situation in the ports is aggravated by the fact that the speed of train travel along the railroad has dropped sharply of late. It often takes the freight trains almost a week to cover the 460 kilometers from Arkhara to Khabarovsk—either there are not enough locomotive crews, or the diesels are beings en masse for repairs. More than 70 trains have been rushed in from the Transbaykal today as a result. Another 19 trains are frozen at their Khabarovsk Division. Whence the lack of rhythm and new losses from idle time.

High-Speed Rail Design Contest Results Noted

904H0181F Moscow GUDOK in Russian 10 Apr 90 p 2

[Unattributed report: "Contest Results"]

[Text] The Ministry of Railways [MPS], assigning great significance to the creation of new technical equipment for high-speed mainlines and the active participation of scientific-research, design-engineering and planning organizations in solving the problem of creating a high-speed Center-to-South mainline, has summarized the contest results.

Some 52 proposals have come in from the collectives of many scientific-research organizations. MPS has decreed that the first and two second prizes will not be conferred.

A third prize of 5,000 rubles has been awarded to the staff collective of the All-Union Scientific-Research and Technological Institute of Electric-Locomotive Construction (VEINII) for their proposal on the development of electrical equipment for the high-speed rolling stock.

A third prize of 5,000 rubles was received by the staffers at the Riga Branch of the VNIIV [All-Union Scientific-Research Institute of Railcar Building] for their proposal on the basic concepts and technical parameters of the design for a multiple-unit high-speed electric train.

An incentive prize of 1,500 rubles has been awarded to the staff members of the VNIIZhT [All-Union Scientific-Research Institute of Rail Transport] for the development of variations for step-by-step construction and methods of determining the parameters of railroad track and rolling stock for traffic speeds of up to 350 kilometers per hour.

An incentive prize of 1,000 rubles has been conferred on the workers of the Riga Electrical Machine Building Plant (REZ) for their proposal on the development of electric drive for high-speed rolling stock with asynchronous tractive engines.

An incentive prize of 1,000 rubles was received by the workers of MIIT [Moscow Institute of Railroad Transportation Engineers] for their proposal to create a system for current conversion and controlling the asynchronous tractive engines of the electrical rolling stock.

An incentive prize of 1,000 rubles was also received by the staff members of TsNIIS [All-Union Scientific-Research Institute of Transportation Construction] for the development of equal-elasticity contact-wire suspensions for VSM [high-speed mainlines].

An incentive prize of 2,000 rubles was awarded to the staffers of VNIIZhT for "Apparatus for Measuring the Deflection of Rails on a High-Speed Mainline." It will aid in ensuring the monitoring of the rectilinearity of rails with the necessary precision.

An incentive prize of 2,000 rubles was awarded to the staffers of the LIIZhT [Leningrad Institute of Railroad Transportation Engineers] and Lengiprotrans [Leningrad State Planning and Surveying Institute of the State Industrial Committee for Transportation Construction] for "Metallic Span Structures of Medium and Large Spans for Bridges for the Specialized High-Speed Center-to-South Mainline."

An incentive prize of 1,500 rubles was awarded to the staffers of the VNIIS [All-Union Scientific-Research Institute of Standardization] for "Proposal to Create Metallic Lattice Span Structures of 55-100 Meters in Length with Travel Along the Bottom on Ballast."

An incentive prize of 400 rubles was given for the "Proposal for a Stable Structural Element for Continuous-Welded Rail for VSMs With Elastic Rail Fastenings."

An incentive prize of 1,000 rubles was awarded to the staffers of Mosgiprotrans [Moscow State Planning and Surveying Institute of the State Industrial Committee for Transportation Construction] for the development of variations of trackbeds for the high-speed Center-to-South mainline on the stretch over the Caucasian range along the Armavir-Labinsk-Adler route.

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